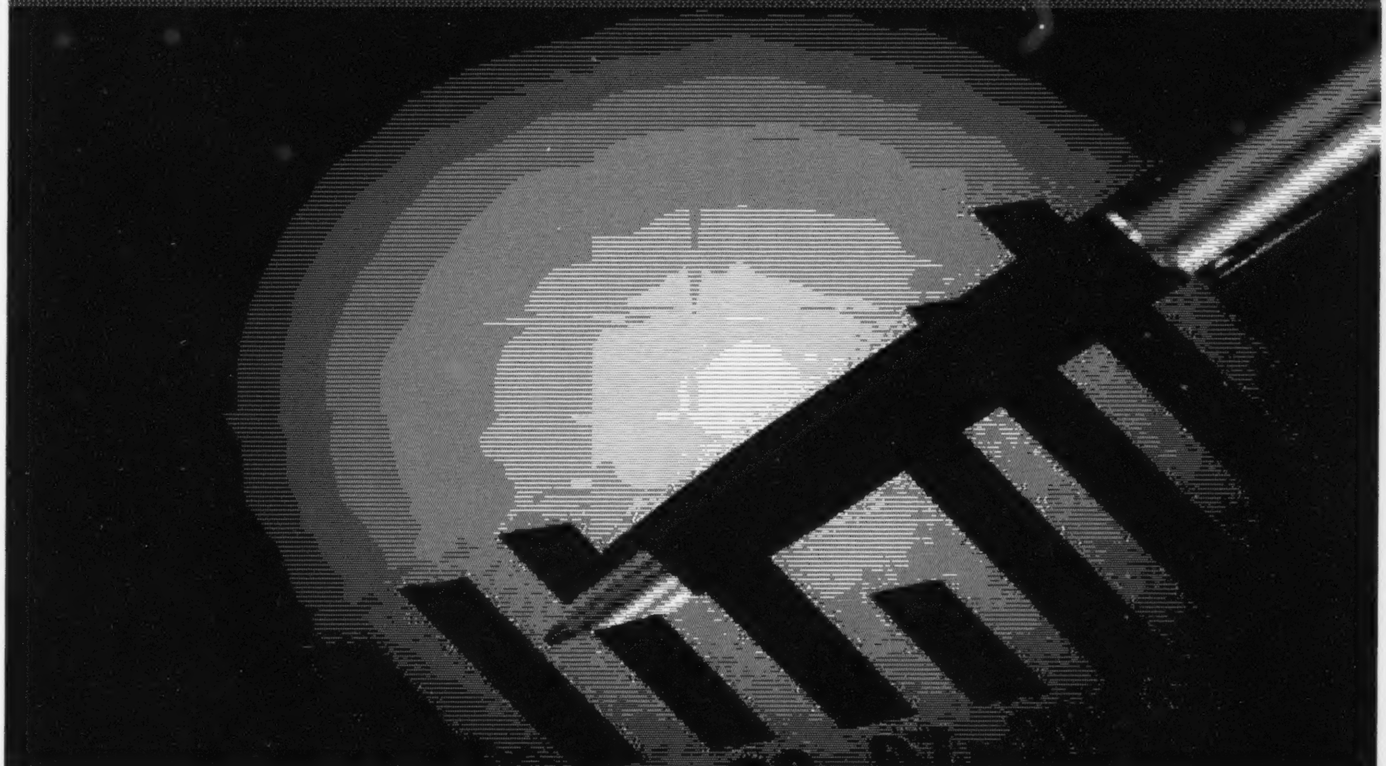
Quarter 1 Financial Report
For the period ended March 31, 2011



CIC Crown Investments Corporation of Saskatchewan

Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the provincial government's holding corporation for its commercial Crown corporations. CIC has invested equity in its subsidiary corporations and collects dividends from these corporations.

The purpose of the following discussion is to provide users of CIC's financial statements with an overview of the Corporation's financial performance and the various measures CIC uses to evaluate its financial health. For the first time, the March 31, 2011 unaudited condensed interim financial statements are presented under International Financial Reporting Standards (IFRS). IFRS replaces Canadian Generally Accepted Accounting Standards (GAAP). CIC's first quarter unaudited condensed financial statements contain disclosures not required under IAS 34 - *Interim Financial Statements*. CIC has provided extra disclosures to ensure readers of the financial statements have all relevant information to compare IFRS disclosures to those disclosures under previous GAAP. CIC will reduce its financial statement disclosure in its June 30, 2011 second quarter report to reflect requirements under IAS 34. Although the narrative on CIC's 2011 first quarter financial results should be read in conjunction with the December 31, 2010 audited consolidated and non-consolidated financial statements, readers should note that the December 31, 2010 audited financial statements have been prepared under GAAP.

To facilitate greater transparency and accountability, CIC prepares two different sets of financial statements: CIC's consolidated financial statements that report on the commercial Crown sector; and CIC's separate financial statements that reflect its role as a holding corporation for the Province.

CIC Consolidated Financial Statements

These statements show CIC's results consolidated with the results of its subsidiary corporations. The unaudited condensed consolidated interim financial statements are prepared in accordance with IFRS and include:

- Financial results of subsidiary Crown corporations:

  Information Services Corporation of Saskatchewan (ISC)
  SaskEnergy Incorporated (SaskEnergy)
  Saskatchewan Development Fund Corporation (SDFC)
  Saskatchewan Gaming Corporation (SGC)
  Saskatchewan Government Insurance (SGI)
  Saskatchewan Opportunities Corporation (SOCO)
  Saskatchewan Power Corporation (SaskPower)
  Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)
  Saskatchewan Transportation Company (STC)
  Saskatchewan Water Corporation (SaskWater)

- CIC's wholly-owned share capital subsidiary CIC Asset Management Inc. (CIC AMI);
- CIC's wholly-owned share capital subsidiary CIC Economic Holdco Ltd.;
- CIC's wholly-owned share capital subsidiary CIC Apex Equity Holdco Ltd.;
- CIC's wholly-owned share capital subsidiary First Nations and Métis Fund Inc.;
- CIC's wholly-owned share capital subsidiary Saskatchewan Immigrant Investor Fund Inc.;
- Costs incurred by its wholly-owned non-profit subsidiary Gradworks Inc.;
- Dividends paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating costs, public policy expenditures and interest earned on cash and short-term investment balances.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-entity transactions (i.e. revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

CIC Separate Financial Statements

CIC's separate financial statements are used to determine CIC's capacity to pay dividends to the Province's GRF. The separate financial statements have been prepared in accordance with IAS 27 - *Consolidated and Separate Financial Statements* at the request of the Saskatchewan Legislative Assembly. These financial statements are intended to isolate the Corporation's cash-flow and capital and operating support for certain subsidiary corporations. These financial statements include:

- Dividends from subsidiary Crown corporations (SaskTel, SaskEnergy, SGI, SGC, SOCO, and ISC);
- Dividends from share capital subsidiary CIC AMI;
- Dividends paid by CIC to the GRF;
- Grants to subsidiary corporations; and
- CIC's interest revenue on cash and short-term investment balances and operating costs.

Consolidated Financial Statements

Management's Discussion and Analysis

Forward-Looking Information

Throughout the quarterly report, and particularly in the following discussion, are forward-looking statements. These statements can be recognized by terms such as "outlook", "expect", "anticipate", "project", "continue" or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary corporations.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Other factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and the regulatory environment. Given these uncertainties, assumptions contained in forward-looking statements may or may not occur.

Transition to IFRS

The Canadian Accounting Standards Board confirmed that publicly accountable enterprises are required to adopt International Financial Reporting Standards (IFRS) in place of Canadian Generally Accepted Accounting Principles (GAAP) for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009 approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS. CIC, as a consolidated entity is a GBE, therefore, CIC has selected IFRS as its accounting platform for the CIC consolidated financial statements. The unaudited March 31, 2011 condensed consolidated interim statements are the first set of financial statements prepared by CIC under IFRS. The accounting policies set out in note 3 to the unaudited condensed consolidated interim financial statements have been consistently applied in preparing the financial statements for the three month period ended March 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010, and the period ended March 31, 2010 and the preparation of an opening IFRS statement of financial position at January 1, 2010 (CIC's date of transition). In preparing comparative information, CIC has adjusted amounts reported previously in accordance with GAAP. Explanations of how the transition from GAAP to IFRS has affected CIC's financial position, financial performance, and cash flows, is set out in Note 31 of the unaudited condensed consolidated interim financial statements.

Management's Discussion and Analysis (continued)

Major Lines of Business

CIC is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are associates and jointly-controlled entities, held through CIC's wholly-owned subsidiaries.

Management's Discussion & Analysis (MD&A) highlights the primary factors that have an impact on the consolidated financial results and operations of CIC. It should be read in conjunction with CIC's unaudited condensed consolidated interim financial statements and supporting notes for the three months ended March 31, 2011. These condensed consolidated interim financial statements have been prepared in accordance with with IAS 34 - *Interim Financial Reporting*.

Although this narrative on CIC's 2011 first quarter financial results should be read in conjunction with the December 31, 2010 audited consolidated financial statements, readers should note that the December 31, 2010 audited financial statements have been prepared under GAAP.

For purposes of the MD&A on CIC's consolidated results, "CIC" refers to the consolidated entity. The following table lists the subsidiaries and investments, including the respective business line, which CIC consolidates in its financial statements:

Investment	Major Business Line	Form of Investment
Saskatchewan Power Corporation (SaskPower)	Electricity	wholly-owned subsidiary
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications	wholly-owned subsidiary
SaskEnergy Incorporated (SaskEnergy)	Natural Gas	wholly-owned subsidiary
Saskatchewan Water Corporation (SaskWater)	Water and Wastewater	wholly-owned subsidiary
Information Services Corporation of Saskatchewan (ISC)	Land and Property Registration Services	wholly-owned subsidiary
Saskatchewan Government Insurance (SGI)	Property and Casualty	wholly-owned subsidiary
Saskatchewan Gaming Corporation (SGC)	Entertainment	wholly-owned subsidiary
CIC Asset Management Inc. (CIC AMI)	Investments	wholly-owned subsidiary
Saskatchewan Opportunities Corporation (SOCO)	Infrastructure	wholly-owned subsidiary
Saskatchewan Development Fund Corporation (SDFC)	Annuity Fund	wholly-owned subsidiary
Saskatchewan Transportation Company (STC)	Passenger and Freight Transportation	wholly-owned subsidiary

■ Utilities ■ Insurance ■ Entertainment ■ Investment and Economic Growth ■ Transportation

Crown Corporation Earnings (Losses) **For the three months ended (millions of dollars)** (unaudited)		**March 31 2011**		March 31 2010
SaskPower	**$**	**98.8**	$	42.1
SaskTel		**50.1**		35.1
SaskEnergy		**59.6**		45.1
SGI		**21.0**		21.2
CIC AMI		**(1.2)**		-
SGC		**6.0**		5.9
ISC		**3.4**		3.2
SaskWater		**0.3**		-
STC		**(0.5)**		0.7
SOCO		**2.2**		1.8
CIC (non-consolidated) and Other		**(9.8)**		(11.7)
Net Earnings	**$**	**229.9**	$	143.4

The Corporation's consolidated earnings for the three months ended March 31, 2011 were $229.9 million (2010 - $143.4 million) which was an $86.5 million increase over the same period in 2010. The majority of the increase was due to SaskPower which had a $56.7 million increase to March 31, 2011 compared to the same period in 2010. Earnings also increased at SaskTel, SaskEnergy, SGC, ISC, SaskWater and SOCO. These increases were partially offset by lower earnings at SGI, CIC AMI and STC.

Revenue from Operations

Revenue from operations for the first three months of 2011 was $1,234.7 million (2010 - $1,225.0 million), an increase of $9.7 million compared to the same period in 2010.

Revenue for the period was $1,207.3 million (2010 - $1,201.7 million). Although the overall increase of $5.6 million is small compared to total consolidated revenue, there were several revenue variances in individual subsidiary Crown corporations as follows:

1. SaskPower revenue increased $54.5 million due primarily to a system-wide average rate increase of 4.5 per cent that became effective on August 1, 2010, as well as an increase of 183.3 gigawatt hours (GWh) in sales volumes to Saskatchewan customers compared to the same period in 2010. Revenue was also positively impacted by an incremental $7.6 million increase in unrealized fair market value gains on natural gas management activities;
2. SGI sales increased $9.7 million due mainly to a 10.6 per cent overall increase in premiums compared to the same period in 2010 with premiums increasing in all jurisdictions (Saskatchewan, Ontario, Alberta, Manitoba and the Maritimes);
3. ISC revenue increase $2.8 million due primarily to a 6.0 per cent increase in land registry transactions and a 15.0 per cent average change of ownership transaction value compared to the same period in 2010;
4. SOCO revenue increased by $1.0 million due to vacancy reductions and increases in rental rates compared to the same period in 2010;
5. SaskTel revenue increased by $1.0 million primarily driven by higher *Max*™ Entertainment revenue due to increased customers and increased revenue per customer, higher wireless revenue due to an increase in the number of customers and increased data usage, and higher internet revenue due to an increase in average revenue per unit caused by customers moving to more expensive plans. The increases were partially offset by;

Management's Discussion and Analysis (continued)

Income from Operations (continued)

6. SaskEnergy revenue decreased by $68.5 million with the combined unfavourable impacts of a lower commodity rate for natural gas sales to distribution utility customers and incremental unrealized losses on gas natural gas management activities only partially offset by favourable volume increases related to colder weather. The commodity rate was $4.46 per Gigajoule (GJ) for the first three months of 2011 versus $5.21 per GJ during the same period in 2010. Revenue was also unfavourably impacted by a $56.5 million incremental increase in unrealized fair market value losses on natural gas management activities compared to the same period in 2010. These negative impacts were partially offset by increased sales volumes due to the weather in Saskatchewan being 12.0 per cent colder than normal in the first three months of 2011 compared to 3.0 percent warmer than normal for the same period in 2010.

Other income for the first three months of 2011 was $27.5 million (2010 - $23.4 million) a $4.1 million increase over the same period in 2010. The increase is primarily related to the recognition of an incremental $6.1 million in deferred funding received from the GRF for qualifying expenditures on carbon capture and storage demonstration initiatives (an equivalent offsetting amount has been included in operating expenses).

Operating Expenses

Operating expenses for the first three months of 2011 were $974.4 million (2010 - $1,038.4 million). The $64.0 million decrease in expenses is primarily due to:

1. An $83.7 million decrease in operating expenses at SaskEnergy mainly related to a lower average cost of natural gas which fell to $3.93 per GJ during the first three months of 2011 versus $4.79 per GJ during the same period in 2010. Operating expenses were also favourably impacted by a $47.2 million increase in unrealized fair market value gains on natural gas management activities compared to the same period in 2010;
2. A $4.2 million decrease in operating expenses at SaskPower due mainly to:
    - An incremental $36.0 million in unrealized gains on natural gas management activities compared to the same period in 2010;
    - A $14.0 million increase in fuel and purchased power costs (excluding unrealized gains on natural gas management activities) in support of a 432 GWh increase in generation volumes which was only partially offset by lower natural gas prices;
    - A $4.8 million increase in depreciation expense attributed to higher property, plant and equipment balances as a result of on-going capital expenditures;
    - A $6.1 million incremental increase in expenditures for the Boundary Dam carbon capture and storage initiative (an equivalent offsetting amount is included in other income); and
    - A $4.0 million increase in generation operating costs and consulting for business renewal activities. The decreases were offset by;
3. An increase of $7.6 million in expenses at SGI including a 13.9 per cent increase in claim costs compared to the same period in 2010 mainly due to the rapidly growing policy base in the Ontario auto market;
4. An increase of $8.6 million in operating expenses at SaskTel primarily a result of a $4.3 million increase in depreciation expense related to new capital expenditures, and a $3.8 million increase in goods and services purchases for network maintenance projects; and
5. A $2.6 million increase in operating expenses at ISC due to higher employee, information technology, facilities, office and equipment costs.

Net Finance Expenses

Net finance expenses for the first three months of 2011 were $63.2 million (2010 - $48.8 million). The $14.4 million increase is primarily due to a $13.0 million net increase in unrealized losses on assets at fair value through profit and loss and a $2.8 million increase in interest expense on financial liabilities measured at amortized cost.

Management's Discussion and Analysis (continued)

Net Earnings from Discontinued Operations

Net earnings from discontinued operations for the first three months of 2011 were $30.8 million (2010 - $1.3 million). The $29.5 million increase is primarily due to a $27.0 million gain on sale of Saskatoon 2 Properties Limited Partnership (Saskatoon Square) as described in Note 10 to the unaudited condensed consolidated interim financial statements.

Capital Spending

In the first three months of 2011, property, plant and equipment, intangible asset and investment property purchases were $172.7 million (2010 - $197.4 million). Major capital expenditures included:

1. $92.0 million at SaskPower including $21.0 million to extend the life of unit three at the Boundary Dam Power Station and $15.0 million to connect customers to the electric system;
2. $31.7 million at SaskEnergy to connect nearly 1,400 new customers to the natural gas distribution system throughout the Province, and expand pipeline infrastructure in south-eastern Saskatchewan's oil-rich Bakken region, which will transport natural gas that has been captured and processed by oil companies in the region;
3. $42.5 million at SaskTel for ongoing cellular network upgrades to Universal Mobile Telecommunications System (UMTS)/High Speed Packet Access (HSPA) technology and the Saskatchewan Infrastructure Improvement Program, which is intended to provide broadband services to 100.0 per cent of rural Saskatchewan, cellular expansion to 98.0 per cent of the Saskatchewan population, and backbone infrastructure upgrades to increase the speed of basic internet services.

In the first three months of 2011, investment purchases were $187.1 million (2010 - $88.8 million) an increase of $98.3 million. The majority of the increase was at SGI where investment purchases increased $91.7 million primarily due to investment turnover given that SGI reported a period over period increase in proceeds from the sale and collection of investments of $81.2 million.

Debt at March 31, 2011 was $4,342.2 million (December 31, 2010 - $4,440.9 million), a decrease of $98.7 million. SaskEnergy debt decreased by $29.0 million, and SaskPower debt decreased by $20.1 million due to the repayment of notes payable with excess cash realized during the peak winter season. SaskTel debt decreased by $59.8 million due to reduced notes payable and increased cash and short-term investments. These decreases were only partially offset by an increase of $10.8 million in debt related to the Saskatchewan Immigrant Investor Fund.

Liquidity

CIC and its subsidiary Crowns finance capital requirements through internally generated cash flow and borrowing. The GRF borrows in capital markets on behalf of Crowns. The GRF has sufficient access to capital markets for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings on Long-Term Debt
as at March 31, 2011

Moody's Investor Service	Aa1
Standard & Poor's*	AA+
Dominion Bond Rating Service	AA

* Effective May 24, 2011 the S&P credit rating improved to AAA

Management's Discussion and Analysis (continued)

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars)	For the three months ended March 31 2011	March 31 2010
Net cash from operating activities	**$ 324.2**	$ 227.9
Net cash (used in) from investing activities	**(128.7)**	198.6
Dividends paid	**(8.5)**	-
Debt proceeds received	**10.7**	5.1
Debt repaid	**(2.4)**	(2.0)
Other financing activities	**(145.0)**	(5.9)
Change in cash	**$ 50.3**	$ 423.7

Operating, Investing and Financing Activities

Net cash from operating activities for the three months ended March 31, 2011 was $324.2 million (2010 - $227.9 million). Although net earnings for the quarter increased by $86.5 million compared to the same period in 2010, this was partially offset by a $64.1 million decrease in adjustments to reconcile net earnings to cash from operating activities resulting in an overall cash impact from earnings which was $22.4 million higher than the same period in 2010 (see details in Note 29 to the unaudited condensed consolidated interim financial statements). Net cash from operating activities was also positively impacted by a $12.7 million change in non-cash working capital balances and a $61.4 million increase in cash provided by operating activities from discontinued operations which was only partially offset by a small increase in interest paid of $0.2 million.

Net cash used in investing activities for the three months ended March 31, 2011 was $128.7 million (2010 - net cash from investing activities - $198.6 million). The $327.3 million increase in cash outflows is primarily related to:

1. A $98.3 million increase in investment purchases due primarily to investment turnover at SGI;
2. A $253.7 million decrease in proceeds from the sale and collection of investments. Proceeds realized by CIC (separate) decreased by $333.8 million due to reclasifications of cash between cash and cash equivalents and short-term investments, given that these items are classified differently between accounting periods depending on whether maturities of these investments are due within 90 days from the period end. This was partially offset by an $81.2 million increase in proceeds at SGI due to investment turnover, partially offset by;
3. A $24.7 million decrease in capital expenditures.

Net cash used in financing activities for the three months ended March 31, 2011 was $145.2 million or $142.4 million higher than the $2.8 million cash outflow for the same period in 2010. The increase was due to:

1. A $133.4 decrease in notes payable.
2. An $8.5 million increase in dividends to the GRF;
3. A $0.4 million increase in debt repayments;
4. A $0.4 million increase in sinking fund instalments;
5. A $5.3 million decrease in other liabilities, partially offset by;
6. A $5.6 million increase in debt proceeds.

Debt Management

CIC and its subsidiary Crowns prudently manage debt to maintain and enhance financial flexibility. The CIC Board has approved debt targets for CIC and its commercial subsidiaries that take into account their individual circumstances and industry benchmarks.

Management's Discussion and Analysis (continued)

Outlook

The Corporation's outlook related to net earnings is highly dependent upon the performance and management of the subsidiary corporations. Earnings expectations are also subject to many variables including: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and the regulatory environment. Based on the year-to-date performance of the subsidiary corporations and the projected Crown corporation performance for the remainder of the year, the Corporation anticipates solid earnings in 2011. The Corporation forecasts increased capital expenditures for electrical operations at SaskPower, on-going competitive pressures within the telecommunications and property and casualty insurance industries, and continued volatility in financial markets which may further impact natural gas management activities and the valuation of pensions and investments.

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Financial Position
As at
(thousands of dollars)
(unaudited)

	Note	March 31 2011	December 31 2010	January 1 2010
ASSETS				
Current				
Cash and cash equivalents	5	**$ 462,255**	$ 404,528	$ 349,034
Short-term investments	6	**204,896**	210,613	501,054
Accounts receivable	7(d)	**572,708**	599,801	604,827
Restricted cash and cash equivalents	8	**126,720**	128,818	84,698
Derivative financial assets	7	**75,804**	79,124	51,827
Inventories	9	**349,115**	397,748	414,107
Prepaid expenses		**152,925**	136,298	117,390
Assets classified as held-for-sale	10	**30,021**	41,729	43
		1,974,444	1,998,659	2,122,980
Restricted cash and cash equivalents	8	**5,713**	20,000	166,693
Investments	6	**1,035,112**	1,014,894	1,038,383
Investments in equity accounted investees	11	**142,666**	167,508	168,654
Property, plant and equipment	12	**7,603,422**	7,559,476	7,088,133
Investment property	13	**173,286**	53,724	52,935
Intangible assets	14	**196,357**	199,360	213,942
Other assets	15	**53,385**	54,060	58,697
		$ 11,184,385	$ 11,067,681	$ 10,910,417
LIABILITIES AND PROVINCE'S EQUITY				
Current				
Bank indebtedness		**$ 12,613**	$ 11,239	$ 15,706
Trade and other payables		**521,427**	579,096	572,374
Derivative financial liabilities	7	**93,691**	113,758	66,621
Notes payable	16	**365,004**	472,851	423,725
Deferred revenue	17	**412,268**	448,803	376,079
Provisions	18	**127,005**	125,780	118,989
Current portion of finance lease obligations	19	**3,892**	3,502	2,122
Liabilities classified as held-for-sale	10	**-**	1,635	262
Long-term debt due within one year	20	**13,914**	15,035	175,660
		1,549,814	1,771,699	1,751,538
Provisions	18	**429,103**	431,233	395,770
Finance lease obligations	19	**414,579**	415,947	418,548
Long-term debt	20	**3,963,324**	3,953,023	3,520,290
Employee future benefits	21	**349,802**	360,525	353,255
Other liabilities	22	**71,323**	70,987	205,405
		6,777,945	7,003,414	6,644,806
Province of Saskatchewan's Equity				
Equity advances	23	**1,051,839**	931,152	1,051,152
Contributed surplus		**161**	161	136
Retained earnings		**3,355,237**	3,133,865	3,214,931
Accumulated other comprehensive loss	24	**(797)**	(911)	(608)
		4,406,440	4,064,267	4,265,611
		$11,184,385	$ 11,067,681	$10,910,417

Commitments and contingencies 25
(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Comprehensive Income
For the Three Month Period Ended March 31
(thousands of dollars)
(unaudited)

	Note	2011	2010
INCOME FROM OPERATIONS			
Revenue		$ 1,207,266	$ 1,201,687
Other income		27,461	23,355
		1,234,727	1,225,042
EXPENSES			
Operating		592,044	669,067
Salaries, wages and short-term employee benefits		207,264	200,547
Employee future benefits		6,729	10,284
Depreciation and amortization	26	133,790	124,891
Gain on disposal of property, plant and equipment		888	1,791
Research and development		1,499	525
Provision for environmental remediation liabilities		817	1,340
Saskatchewan taxes and fees	27	31,407	29,978
		974,438	1,038,423
RESULTS FROM OPERATING ACTIVITIES		260,289	186,619
Finance income	28	17,615	20,198
Finance expenses	28	(80,813)	(69,022)
NET FINANCE EXPENSES		(63,198)	(48,824)
EARNINGS FROM OPERATIONS		197,091	137,795
Share of net earnings from equity accounted investees	11	1,979	4,298
EARNINGS FROM CONTINUING OPERATIONS		199,070	142,093
Net earnings from discontinued operations	10	30,802	1,341
NET EARNINGS		229,872	143,434
OTHER COMPREHENSIVE INCOME (LOSS)			
Share of changes in comprehensive income recognized by associates		94	150
Foreign currency translation adjustments		126	(111)
Unrealized (loss) gain on cash flow hedges		(30)	208
Other		(76)	(1,963)
OTHER COMPREHENSIVE INCOME (LOSS)		114	(1,716)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		$ 229,986	$ 141,718

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Changes in Equity
For the Three Month Period Ended March 31
(thousands of dollars)
(unaudited)

	Attributable to the Province of Saskatchewan				
	Equity Advances (Note 23)	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss (Note 24)	Total Equity
Balance at January 1, 2010	$ 1,051,152	$ 136	$ 3,214,931	$ (608)	$ 4,265,611
Total comprehensive income (loss)	-	-	143,434	(1,716)	141,718
Other	-	(25)	-	-	(25)
Balance at March 31, 2010	$ 1,051,152	$ 111	$ 3,358,365	$ (2,324)	$ 4,407,304
Balance at April 1, 2010	$ 1,051,152	$ 111	$ 3,358,365	$ (2,324)	$ 4,407,304
Total comprehensive income (loss)	-	-	292,952	(45,987)	246,965
Equity repayments	(120,000)	-	-	-	(120,000)
Transfers to retained earnings	-	-	(47,400)	47,400	-
Dividends to GRF	-	-	(471,000)	-	(471,000)
Other	-	50	948	-	998
Balance at December 31, 2010	$ 931,152	$ 161	$ 3,133,865	$ (911)	$ 4,064,267
Balance at January 1, 2011	**$ 931,152**	**$ 161**	**$ 3,133,865**	**$ (911)**	**$ 4,064,267**
Total comprehensive income	**-**	**-**	**229,872**	**114**	**229,986**
Equity advances	**120,687**	**-**	**-**	**-**	**120,687**
Dividends to GRF	**-**	**-**	**(8,500)**	**-**	**(8,500)**
Balance at March 31, 2011	**$ 1,051,839**	**$ 161**	**$ 3,355,237**	**$ (797)**	**$ 4,406,440**

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Consolidated Statement of Cash Flows
For the Three Month Period Ended March 31
(thousands of dollars)
(unaudited)

	Note	2011	2010
OPERATING ACTIVITIES			
Net earnings		$ 229,872	$ 143,434
Adjustments to reconcile net earnings to cash from operating activities	29	139,448	203,507
		369,320	346,941
Net change in non-cash working capital balances related to operations		(20,943)	(33,672)
Interest paid		(88,572)	(88,406)
Cash provided by operating activities from continuing operations		259,805	224,863
Cash provided by operating activities from discontinued operations		64,393	3,039
Net cash from operating activities		324,198	227,902
INVESTING ACTIVITIES			
Interest received		9,847	10,304
Dividends received		1,254	1,280
Purchase of investments		(187,099)	(88,822)
Proceeds from sale and collection of investments		192,608	446,355
Purchase of property, plant and equipment		(164,520)	(190,487)
Proceeds from sale of property, plant and equipment		711	2,321
Purchase of intangible assets		(7,673)	(6,341)
Purchase of investment property		(547)	(536)
Decrease in restricted cash and cash equivalents		25,887	23,989
Decrease in other assets		855	489
Net cash (used in) from investing activities		(128,677)	198,552
FINANCING ACTIVITIES			
(Decrease) increase in notes payable		(107,847)	25,550
Decrease in other liabilities		(27,721)	(22,410)
Debt proceeds from GRF		-	5,093
Debt proceeds from other lenders		10,736	-
Debt repayments to other lenders		(2,416)	(1,989)
Sinking fund instalments		(9,447)	(9,031)
Dividend paid to GRF		(8,500)	-
Net cash used in financing activities		(145,195)	(2,787)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		50,326	423,667
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		399,316	333,328
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 449,642	$ 756,995
Cash and cash equivalents consists of:			
Cash and cash equivalents from continuing operations		$ 462,255	$ 766,354
Bank indebtedness from continuing operations		(12,613)	(9,359)
		$ 449,642	$ 756,995

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. The condensed consolidated interim financial statements of CIC as at and for the three months ended March 31, 2011 comprise CIC and its subsidiaries (collectively referred to as "CIC" or "the Corporation") and CIC's interest in associates, jointly controlled entities and jointly controlled assets with principal activities as described in Note 3(a).

The interim condensed consolidated interim financial statements should not be taken as indicative of the performance to be expected for a full year due to the seasonal nature of corporate operations.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. These are the Corporation's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 - *First-time Adoption of International Financial Reporting Standards* has been applied. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of CIC is provided in Note 31.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 6, 2011.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial assets at fair value through profit or loss are measured at fair value (Note 7).
- Derivative financial instruments are measured at fair value (Note 7).
- The accrued defined benefit asset or liability is measured at fair value (Note 21).

c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian Dollars, which is CIC's functional currency.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment and underlying estimations of useful lives of depreciable assets, capitalization of interest, disposal of long-lived assets, provisions, the carrying amounts of accounts receivable including unbilled revenue, inventory, investments, natural gas in storage, goodwill, intangible assets and investment property, the accounting for special purpose entities, discontinued operations, fair value of financial instruments, and the carrying amounts of employee future benefits including underlying actuarial assumptions. These significant areas are further described in the summary of significant accounting policies (Note 3) and Notes 6, 7, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 21, 22, 25 and 26.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated. The accounting policies have been consistently applied by CIC's subsidiaries.

a) Basis of consolidation

Subsidiaries

Saskatchewan provincial Crown corporations are either designated as subsidiary Crown corporations of CIC or created as CIC Crown corporations under *The Crown Corporations Act, 1993* (the Act). The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, CIC also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and the following wholly-owned share capital subsidiaries: CIC Asset Management Inc.; First Nations and Métis Fund Inc.; CIC Economic Holdco Ltd.; Saskatchewan Immigrant Investor Fund Inc. (SIIF)[1]; and CIC Apex Equity Holdco Ltd., all of which are domiciled in Canada.

Separate interim financial statements for CIC have been prepared to show the financial position and results of operations of the corporate entity. In addition, interim financial statements for each of the undernoted Crown corporations, which are consolidated in these financial statements, are prepared and released publicly:

Wholly-owned subsidiaries domiciled in Canada	Principal Activity
Information Services Corporation of Saskatchewan (ISC)	Land, property and corporate registration services
SaskEnergy Incorporated (SaskEnergy)	Natural gas
Saskatchewan Development Fund Corporation (SDFC)	Annuity fund
Saskatchewan Gaming Corporation (SGC)	Gaming
Saskatchewan Government Insurance (SGI)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Infrastructure
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
Saskatchewan Transportation Company (STC)	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and waste-water

[1] SIIF was established on October 6, 2010 under *The Business Corporations Act (Saskatchewan)* to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF intends to use IIP funds to deliver the government of Saskatchewan's Headstart on a Home program to assist builders and developers in building affordable housing.

Associates and jointly controlled entities (investments in equity accounted investees)

Associates are those entities in which CIC has significant influence, but not control, over strategic financial and operating decisions. Significant influence is presumed to exist when CIC holds between 20.0 and 50.0 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities CIC has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method and are recognized initially at cost. CIC's investment includes any goodwill identified at acquisition, net of accumulated impairment losses. The condensed consolidated interim financial statements include CIC's share of the total comprehensive income and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of CIC, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When CIC's share of losses exceeds its interest in equity accounted investees, the carrying amount of that interest is reduced to $Nil and the recognition of further losses is discontinued except to the extent that CIC has an obligation or has made payments on behalf of the investee.

3. Significant accounting policies (continued)

a) Basis of consolidation (continued)

Jointly controlled assets

Jointly controlled assets involve the joint control of one or more assets acquired for and dedicated to the purpose of a joint venture. The condensed consolidated interim financial statements include CIC's proportionate share of the jointly controlled assets, incurred liabilities and income and expenses as well as any liabilities and expenses that CIC has incurred directly with respect of its 50.0 per cent interest in the Kisbey Gas Gathering and Processing Facility and the Totnes Natural Gas Storage Facility.

Special purpose entities

CIC has established certain special purpose entities (SPEs) for trading and investment purposes. CIC does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with CIC and the SPE's risks and rewards, CIC concludes that it controls the SPE. SPE's controlled by CIC were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in CIC receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

CIC has two SPE's, Meadow Lake Pulp Limited Partnership and 212822 Saskatchewan Ltd. These SPEs are not material to CIC's consolidated results.

Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the condensed consolidated interim financial statements. Unrealized gains arising from transactions with investments in equity accounted investees are eliminated against the investment to the extent of CIC's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Cash and cash equivalents

Cash and cash equivalents include short-term investments that have a maturity date of ninety days or less.

c) Inventories

Inventories for resale, including natural gas in storage held for resale, are valued at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Net realizable value for natural gas inventory is determined using near month and forward natural gas market prices as appropriate. Natural gas in storage held for resale is charged to inventory when purchased and expensed as sold.

Other supplies inventories are valued at the lower of weighted average cost and net realizable value. Replacement cost is used as management's best estimate of the net realizable value for other supplies inventory. In establishing the appropriate provision for supplies inventory obsolescence, management estimates the likelihood that supplies inventory on hand will become obsolete due to changes in technology. Other supplies are charged to inventory when purchased and expensed or capitalized when used.

d) Deferred funding from the Province of Saskatchewan's General Revenue Fund (GRF)

Funding transferred to the Corporation from the GRF, restricted for carbon capture and storage initiatives, was initially recorded as restricted cash and cash equivalents. The Corporation initially recorded a corresponding amount as deferred revenue. Amounts expected to be spent during the period are classified as current, while the remaining amount continues to be classified as long-term in other liabilities. As qualifying expenditures are made, the Corporation recognizes an equivalent amount of this funding in consolidated net earnings and reduces restricted cash and cash equivalents and current deferred revenue by the same amount.

3. Significant accounting policies (continued)

e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost of self-constructed assets includes materials, services, direct labour, directly attributable overheads, and other costs directly attributable to preparing the asset for its intended use. Interest costs associated with major capital and development projects that are six months or longer in duration are capitalized during the construction period at the weighted average cost of long-term borrowings. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to property, plant and equipment.

Costs are recognized as an asset if it is probable that economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. Significant renewals and enhancements to existing assets are capitalized only if the useful life of the asset is increased, physical output, service capacity or quality is improved above original design standards, or operating costs are reduced by a substantial and quantifiable amount that can be reliably measured. The costs of maintenance, repairs, renewals or replacements which do not provide benefits into the future are charged to operating expense as incurred.

Significant parts of an item of property, plant and equipment that have different useful lives are accounted for as separate items of property, plant and equipment.

When property, plant and equipment is disposed of or retired, the related costs less accumulated depreciation and impairment losses are de-recognized. Any resulting gains or losses are reflected in net earnings in the period of disposal.

f) Depreciation of property, plant and equipment

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual amount. Depreciation is recorded primarily on the straight-line basis over the useful life of each asset as follows:

Machinery and equipment	3 - 100 years
Buildings and improvements	3 -100 years
Coal properties and rights	21 years

The useful life and depreciation method are reviewed periodically to ensure consistency with the expected pattern of economic benefits from these assets.

Assets held under finance leases are depreciated over their expected useful economic lives on the same basis as for owned assets, or where shorter, the lease term.

g) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

For acquisitions on or after January 1, 2010, the Corporation measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net earnings.

In respect of acquisitions prior to January 1, 2010, goodwill is included on the basis of its deemed costs, which represents the amount recorded under previous GAAP.

Subsequent to acquisition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

On disposal of a subsidiary or a jointly controlled entity, the attributed amount of goodwill is included in the determination of the gain or loss on disposal.

3. Significant accounting policies (continued)

g) Intangible assets (continued)

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in net earnings when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if the amount can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and CIC intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Interest costs related to the development of qualifying assets are capitalized. Other development expenditures are recognized in net earnings as incurred.

Capitalized development expenditures are measured at cost less accumulated amortization and impairment losses. Amortization is recognized in net earnings on a straight-line basis over an estimated useful life of one to five years.

Finite-life intangibles

Finite-life intangible assets, acquired individually, with a group of other assets, or through CIC's authorized dealers are measured at cost of acquisition or development less accumulated amortization and impairment losses and may include direct development costs, and overhead costs directly attributable to the development activity. Customer accounts acquired are measured at cost less accumulated amortization and any impairment losses and are amortized on a straight-line basis over an estimated useful life of three to ten years from the date of acquisition.

Capitalized software includes externally purchased software packages as well as external and internal direct labour costs related to internally developed programs. Software development costs are capitalized if it is probable that the asset developed will generate future economic benefits. Software is amortized on a straight-line basis over an estimated useful life of one to fifteen years from the date of acquisition. Maintenance of existing software programs is expensed as incurred.

Estimated useful lives of finite-life intangible assets are reviewed annually with any changes applied prospectively.

Indefinite-life intangibles

Spectrum licenses have been classified as indefinite-life intangible assets due to industry practice, current licensing terms, which include minimal renewal fees, and no regulatory precedent of material license revocation. Should these factors change, the classification as indefinite life will be reassessed. The licenses are not subject to amortization and are carried at cost less accumulated impairment losses.

h) Investment property

Properties held for rental purposes are classified as investment properties and are measured at cost less accumulated amortization and impairment losses. Amortization is recorded on investment property on the straight-line basis over the estimated life of each asset as follows:

Buildings	20 - 80 years
Infrastructure	25 - 60 years
Leasehold improvements	Lease term

Depreciation commences when the asset is ready for its intended use, the useful life and depreciation method are reviewed periodically to ensure consistency with the expected pattern of economic benefits from these assets.

3. Significant accounting policies (continued)

i) Other assets

Natural gas in storage

Natural gas in storage is valued at the lower of weighted average cost and net realizable value. Net realizable value is determined using the near month and forward natural gas prices based on anticipated delivery dates.

Accrued pension asset

Accrued pension asset represents the surplus in the defined benefit pension plans based on long-term assumptions. The deferred benefit pension asset is accounted for in accordance with the policy described in Note 3 (p) - Employee Future Benefits.

Deferred supply agreements

Deferred supply agreements include payments made in accordance with long-term coal supply agreements. CIC is amortizing the deferred assets over the remaining life of the long-term coal supply agreements.

j) Financial instruments

CIC classifies its financial instruments into one of the following categories: fair value through profit or loss; held-to-maturity; loans and receivables; available-for-sale; and other liabilities.

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments at fair value through profit or loss in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial instruments at fair value through profit or loss

Financial assets and financial liabilities are classified as fair value through profit or loss if those instruments are held for trading or designated as such upon initial recognition. A financial asset or financial liability is classified as held for trading if it has been acquired with the intention of generating profits in the near term or is part of a portfolio of financial instruments that are managed together where there is evidence of a recent pattern of short-term profit taking. A financial asset or financial liability is designated as fair value through profit or loss if the Corporation manages such instruments and makes decisions based on the fair value of those instruments in accordance with the Corporation's documented risk management or investment strategy. Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value with any revaluation gains and losses recognized in net earnings. The Corporation classifies cash and cash equivalents, derivative financial assets and liabilities that do not qualify as a hedge and are not designated as a hedge, sinking funds, restricted cash and cash equivalents, certain investments included in Note 6, and bank indebtedness as financial instruments at fair value through profit or loss.

3. Significant accounting policies (continued)

j) Financial instruments (continued)

Loans and receivables

The Corporation classifies accounts receivable and certain investments as disclosed in Note 6, as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are accounted for at amortized cost using the effective interest method, less any impairment losses.

Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not de-recognized on the statement of financial position given that the risks and rewards of ownership are not transferred from the Corporation to the counterparties in the course of such transactions. The securities are reported separately on the statement of financial position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities received from counterparties as collateral are not recorded on the statement of financial position given that the risks and rewards of ownership are not transferred from the counterparties to the Corporation in the course of such transactions.

Other liabilities

Other liabilities are non-derivative financial liabilities that are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial liabilities are accounted for at amortized cost using the effective interest method, less impairment losses. The Corporation classifies trade and other payables, notes payable, long-term debt due within one year, and long-term debt as other liabilities.

Derivative instruments

The Corporation utilizes a variety of derivative instruments to manage its exposure to interest rate, foreign exchange rate, electricity and natural gas price risk.

Interest rate swaps and foreign currency forward contracts may be designated as cash flow hedges. For interest rate swaps used to hedge long-term debt, the effective portion of changes in the fair value is recognized in other comprehensive income while any gains and losses related to the ineffective portion are recognized immediately in interest expense. Amounts previously recognized in other comprehensive income are reclassified to net earnings as interest expense when the hedged debt is settled. For foreign currency forward contracts used to hedge capital expenditures denominated in a foreign currency, gains or losses are recognized in other comprehensive income and reclassified to net earnings over the life of the related asset.

Derivative instruments not designated as a hedge are held for trading and are recorded at fair value in the consolidated statement of financial position in current assets or current liabilities as described in Note 7. The change in the fair value is recorded in net earnings and classified within the revenue or expense category to which it relates. The revenue and expense categories impacted are described in Note 7(b).

Derivatives may be embedded in other host instruments. Embedded derivatives are treated as separate derivatives when the economic characteristics and risks are not closely related to those of the host instrument, the embedded derivative has the same terms as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with subsequent changes recognized in net earnings.

The Corporation utilizes natural gas sales contracts with embedded derivatives for non-regulated contract sales to large end-use customers.

3. Significant accounting policies (continued)

k) Impairments

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to CIC on terms that CIC would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

CIC considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, CIC uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net earnings and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net earnings.

Non-financial assets

The carrying amounts of non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

CIC's corporate assets do not generate separate cash inflows. If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

3. Significant accounting policies (continued)

k) Impairments (continued)

Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

l) Provisions

A provision is recognized if, as a result of a past event, CIC has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The unwinding of the discount on provisions is recognized in the consolidated statement of comprehensive income as finance expenses.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions

A decommissioning provision is a legal or constructive obligation associated with the decommissioning of a long-lived asset. CIC recognizes decommissioning provisions in the period incurred if a reasonable estimate of fair value (net present value) can be determined. CIC recognizes decommissioning provisions in the period in which the facility is commissioned. CIC recognizes provisions for the decommissioning of assets containing PCBs in excess of existing federal regulations.

The fair value of estimated decommissioning costs is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment. Decommissioning provisions are increased periodically for the passage of time by calculating accretion expense on the provision. The offsetting capitalized costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows including the method and timing of decommissioning and an estimate of future inflation. Decommissioning provisions are periodically reviewed and any changes are recognized as an increase or decrease in the carrying amount of the liability and the related asset.

Environmental remediation

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of CIC, is considered probable and the costs of remedial activities can be reasonably estimated. These estimates include costs for investigations and remediation at identified sites. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. CIC reviews its estimates of future environmental expenditures on an ongoing basis.

3. Significant accounting policies (continued)

l) Provisions (continued)

Unpaid insurance claims

The provision for unpaid claims represents an estimate of the total cost of outstanding claims to the period end date. The estimate includes the cost of reported claims, and claims incurred but not reported, an estimate of adjustment expenses to be incurred on these claims and a provision for adverse deviation in accordance with Canadian Institute of Actuaries standards. The provision has been calculated including the impact of discounting using a discount rate of 2.93 per cent (December 31, 2010 - 2.86 per cent). The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding losses plus paid losses is reported as claims incurred in the current period.

m) Revenue

Natural gas sales and delivery

Revenue is recognized when natural gas is delivered to customers. An estimate of natural gas delivered, but not billed, is included in revenue.

Natural gas transportation and storage

Revenue is recognized when transportation, storage and related services are provided to the customer. An estimate of transportation, storage and related services rendered but not billed is included in revenue.

Electricity

Electricity revenue is recognized upon delivery to the customer and includes an estimate of electrical deliveries not yet billed at period-end. Electricity trading revenues are reported on a net basis upon delivery of electricity to the customers and receipt of electricity purchased from external parties. Electricity trading contracts are recorded at fair value.

Telecommunications

Telecommunications revenue represents the fair value of the consideration received or receivable for the services provided and equipment sales, net of discounts, volume rebates and sales taxes. Revenue from the sale of equipment and rendering of services is recognized in the period the services are provided or the equipment is sold, when there is persuasive evidence that an arrangement exists, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Corporation. Where CIC acts as an agent in a transaction, amounts collected on behalf of the principal are excluded from revenue.

Revenues from local telecommunications, data, internet, entertainment and security services are recognized based on access to CIC's network and facilities at the rate plans in effect during the period the service is provided. Certain service connection charges and activation fees, along with corresponding direct costs are deferred and recognized over the average expected term of the customer relationship. Revenues from long distance and wireless airtime are recognized based on the usage or rate plans in the period service is provided. Revenues from equipment sales are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer, typically when the equipment is delivered to and accepted by the customer. Revenues for longer term contracts are recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Payments received in advance are recorded as deferred revenue until the product or service is delivered.

Customer solutions may involve the delivery of multiple services and products that occur at different points and over different periods of time. The multiple services are separated into their respective accounting units and consideration is allocated among the accounting units. The relevant revenue recognition policies are applied to each accounting unit.

3. Significant accounting policies (continued)

m) Revenue (continued)

Telecommunications (continued)

When CIC receives no identifiable separate benefit for consideration given to a customer (discounts and rebates), the consideration is recorded as a reduction of revenue rather than as an expense.

Revenues are earned through the sale of print and electronic telephone directory advertising and on-line advertising. Print directory advertising revenues are recognized in full at the delivery date of the directory. Electronic directory advertising revenues are recognized commencing with the display date. Amounts billed in advance for directory advertising are deferred and recognized at the delivery date of the directory.

Operating revenues for perpetual licenses are recognized on delivery or according to the terms of the license agreement. Revenues related to customized software contracts are recognized upon customer acceptance or when customer acceptance provisions of the contract are satisfied. Where the arrangement includes multiple elements, perpetual license revenues are recognized on delivery, provided the undelivered elements are not essential to the functionality of the license, CIC has evidence of fair value for all the undelivered items and completion costs are reliably measurable. If payment is subject to customer acceptance, revenue is not recognized until customer acceptance or expiration of the acceptance period. Fees for professional services, other than in the context of multiple element arrangements, are recognized as services are rendered. Support and maintenance fees are recognized over the term of the contract.

The Canadian Radio-television and Telecommunications Commission (CRTC) has established a National Subsidy Fund to subsidize Local Exchange Carriers (LECs), like the Corporation, that provide service to residential customers located in high cost service areas (HCSAs). The CRTC has set the rate per line and band for all LECs. CIC recognizes the revenue on an accrual basis by applying the rate to the number of residential network access lines served during the period in HCSAs.

Property and casualty insurance

The Corporation's policies have all been classified upon inception as insurance contracts. An insurance contract is a contract which transfers significant insurance risk and upon the occurrence of the insured event, causes the insurer to make a benefit payment to the insured party. The sale of policies generates premiums written, which are taken into income over the terms of the related policies, no longer than 12 months. Unearned premiums represent the portion of the policy premiums relating to the unexpired term of each policy.

Property registration

Land, corporate and personal property registry revenues are recognized when services are rendered.

Gaming

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and the payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

Customer contributions

The Corporation obtains customer contributions related to the construction of new service connections. Customer contributions are recognized initially as deferred revenue and are recognized as revenue once the related property, plant and equipment is available for use. The Corporation's customer contributions are often subject to refunds over a specified period. An estimate of these refunds remains in deferred revenue until the eligible refund period expires.

Other

Revenue from sales of other products is recognized when goods are shipped and title has passed to the customer or based on the right to revenue pursuant to contracts with customers, tenants and clients.

3. Significant accounting policies (continued)

n) Government grants

Conditional government grants are initially measured at fair value and recognized as other liabilities provided that there is reasonable assurance that the grant will be received and CIC will comply with the conditions associated with the grant. Grants that compensate CIC for expenses incurred are recognized in net earnings on a systematic basis in the same period in which the expenses are recognized. Grants that compensate CIC for the cost of an asset are recognized in net earnings on a systematic basis over the useful life of the asset.

o) Foreign currency transactions

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Canadian dollars at the exchange rate at that date. Non-monetary assets and liabilities are translated using the exchange rates on the date of the transactions. Foreign currency differences arising on translation are recognized in net earnings, except for differences arising on the translation of qualifying cash flow hedges, which are recognized in other comprehensive income.

The assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rate on the reporting date. The revenue and expenses of foreign operations are translated to Canadian dollars using exchange rates on the dates of the transactions. Translation adjustments arising from changes in the exchange rate are reflected in other comprehensive income. When a foreign operation is disposed of the related accumulated translation adjustment is transferred to net earnings as part of the gain or loss on disposal.

p) Employee future benefits

CIC has three defined benefit pension plans, a defined contribution pension plan, and other plans that provide post retirement benefits for its employees.

Defined contribution pension plan

A defined contribution plan is a post-employment benefit under which CIC pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee future benefit expense in net earnings in the period during which services are rendered by employees.

Defined benefit pension plans

A defined benefit pension plan is a post-employment benefit plan other than a defined contribution pension plan. CIC's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for service in the current and prior periods. The benefit is discounted to determine present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of CIC's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to CIC, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to CIC if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net earnings on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in net earnings.

CIC recognizes all actuarial gains and losses in other comprehensive income immediately in the period of occurrence.

3. Significant accounting policies (continued)

p) Employee future benefits (continued)

Other employee future benefits

CIC's net obligation in respect of employee future benefits other than pension plans is the amount of future benefit that employees have earned in return for service in the current and prior periods. The calculated benefit is discounted to determine its present value, and the fair value of any related assets if any, is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of CIC's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are included in other comprehensive income immediately in the period of occurrence.

q) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

r) Assets classified as held-for-sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are re-measured in accordance with CIC's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of the carrying amount and the fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, employee future benefit assets, or investment property, which continue to be measured in accordance with CIC's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in net earnings. Gains are not recognized in excess of cumulative impairment losses.

s) Finance income and expenses

Finance income comprises interest income on funds invested, gains on sale of investments through profit or loss, and changes in fair value of financial assets at fair value through profit or loss. Interest income is recognized in net earnings using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and interest capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset with a corresponding decrease in financing expenses. Other borrowing costs are recognized as an expense.

On the consolidated statement of cash flows, interest paid is classified as an operating activity, interest received is classified as an investing activity, dividends received are classified as an investing activity and dividends paid are classified as a financing activity.

3. Significant accounting policies (continued)

t) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the Corporation. CIC has assessed its arrangements to determine whether or not leases exist. Certain take-or-pay power purchase agreements which give CIC the exclusive right to use specific production assets have been determined to meet the definition of a lease. As such, these arrangements are classified as finance leases.

Assets held under finance leases are initially recognized at the lower of fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation. Each lease payment is allocated between the liability and interest so as to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense.

Assets held under finance leases are depreciated over the shorter of the expected useful economic life of similar owned assets or the lease term.

All other transactions in which CIC is the lessee are classified as operating leases. Payments made under operating leases are expensed over the term of the lease.

u) Discontinued operations

A discontinued operation is a component of CIC's business that represents a separate major line of business or geographical area of operations that has been disposed of. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated statement of comprehensive income is reclassified as if the operation had been discontinued from the start of the comparative period.

v) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2011, and have not been applied in preparing these financial statements. In particular, IFRS 9 - *Financial Instruments*, which becomes effective for CIC's 2013 financial statements, is expected to impact the classification and measurement of financial assets. The extent of the impact is not known at this time.

4. Status of CIC

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

5. Cash and cash equivalents

	March 31 2011	December 31 2010
Cash	$ **253,563**	$ 229,191
Short-term investments	**208,692**	175,337
	$ **462,255**	$ 404,528

The weighted average interest rate for short-term investments included in cash and cash equivalents at March 31, 2011 was 1.13 per cent (December 31, 2010 – 1.03 per cent).

6. Investments

(thousands of dollars)

	March 31 2011	December 31 2010
Short-Term Investments - at fair value through profit or loss	$ 204,896	$ 210,613
Portfolio Investments - at fair value through profit or loss	213,099	213,299
Bonds, Debentures, Loans and Notes Receivable		
Bonds and debentures - at fair value through profit or loss	354,275	354,558
Loans and notes receivable	36,800	23,183
	391,075	377,741
Leases Receivable	3,569	2,924
Sinking Funds - at fair value through profit or loss (a)	426,104	419,665
Other - at fair value through profit or loss	1,265	1,265
	$ 1,035,112	$ 1,014,894

a) Changes in the carrying amount of sinking funds are as follows (thousands of dollars):

	March 31 2011	December 31 2010
Sinking funds, beginning of period	$ 419,665	$ 374,153
Net installments	9,447	14,732
Earnings	5,712	26,223
Valuation adjustment	(8,720)	4,557
	$ 426,104	$ 419,665

Sinking fund installments due in each of the next five years are as follows (thousands of dollars):

2012	$ 40,068
2013	40,068
2014	39,568
2015	38,096
2016	37,596

b) CIC holds one Class B share of Cameco Corporation (Cameco) which provides CIC with the ability to exercise special voting rights with respect to the location of Cameco's head office.

7. Financial and insurance risk management
(thousands of dollars)

Financial risk management

CIC is exposed to market risk (power generation, natural gas sales, equity prices, sinking funds, foreign exchange rates and interest rates), credit risk and liquidity risks. CIC utilizes a number of financial instruments to manage market risk. CIC mitigates the risk through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board.

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

		March 31, 2011		December 31, 2010	
Financial Instruments	Classification (i)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	FVTPL	**$ 462,255**	**$ 462,255**	$ 404,528	$ 404,528
Accounts receivable	LAR	**572,708**	**572,708**	599,801	599,801
Derivative financial assets	FVTPL	**75,804**	**75,804**	79,124	79,124
Restricted cash and cash equivalents	FVTPL	**132,433**	**132,433**	148,818	148,818
Investments - sinking funds - fair value	FVTPL	**426,104**	**426,104**	419,665	419,665
Investments - fair value	FVTPL	**773,535**	**773,535**	779,734	779,734
Investments - loans	LAR	**36,800**	**(ii)**	23,183	(ii)
Financial Liabilities					
Bank indebtedness	FVTPL	**12,613**	**12,613**	11,239	11,239
Trade and other payables	OL	**521,427**	**521,427**	579,096	579,096
Derivative financial liabilities	FVTPL	**93,691**	**93,691**	113,758	113,758
Notes payable	OL	**365,004**	**365,111**	472,851	472,968
Long-term debt	OL	**3,977,238**	**4,737,384**	3,968,058	4,837,164

		March 31, 2011		December 31, 2010	
Derivative Instruments	Classification (i)	**Asset**	**(Liability)**	Asset	Liability)
Physical natural gas contracts	FVTPL	**$ 9,349**	**$ (4,661)**	$ 14,604	$ (11,841)
Natural gas price swaps	FVTPL	**60,193**	**(88,135)**	63,926	(98,352)
Electricity contracts for differences	FVTPL	**6,262**	**(895)**	594	(3,565)
		$ 75,804	**$ (93,691)**	$ 79,124	$(113,758)

i) Classification details are:

FVTPL - fair value through profit or loss
LAR - loans and receivables
OL - other liabilities

7. Financial and insurance risk management (continued)

Financial risk management (continued)

ii) The uncertainty and potentially broad range of fair values for Investments - loans (loans and receivables), renders the disclosure of a fair value with appropriate reliability impractical.

a) Fair value hierarchy

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Quoted prices are readily available from an active market.
Level 2 - Inputs, other than quoted prices included in level 1 that are observable either directly or indirectly.
Level 3 - Inputs are not based on observable market data.

CIC's financial instruments are categorized within this hierarchy as follows (thousands of dollars):

	March 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 462,255**	**$ -**	**$ -**	**$ 462,255**
Restricted cash and cash equivalents	**132,433**	**-**	**-**	**132,433**
Bank indebtedness	**12,613**	**-**	**-**	**12,613**
Notes payable	**365,111**	**-**	**-**	**365,111**
Investments carried at fair value	**721,208**	**452,340**	**26,091**	**1,199,639**
Long-term debt	**-**	**4,737,384**	**-**	**4,737,384**
Physical natural gas contracts - net	**-**	**4,688**	**-**	**4,688**
Natural gas price swaps - net	**-**	**(27,942)**	**-**	**(27,942)**
Electricity contracts for differences - net	**-**	**5,367**	**-**	**5,367**

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 404,528	$ -	$ -	$ 404,528
Restricted cash and cash equivalents	148,818	-	-	148,818
Bank indebtedness	11,239	-	-	11,239
Notes payable	472,968	-	-	472,968
Investments carried at fair value	728,387	444,819	26,193	1,199,399
Long-term debt	-	4,837,164	-	4,837,164
Physical natural gas contracts - net	-	2,763	-	2,763
Natural gas price swaps - net	-	(34,426)	-	(34,426)
Electricity contracts for differences - net	-	(2,971)	-	(2,971)

7. Financial and insurance risk management (continued)

Financial risk management (continued)

a) Fair value hierarchy (continued)

Changes in Level 3 investments carried at fair value are as follows (thousands of dollars):

		March 31 2011		December 31 2010
Balance, beginning of period	$	**26,193**	$	30,458
Unrealized gains attributable to assets held at the end of the period included in net earnings		**(102)**		(4,115)
Sales		**-**		(150)
Balance, end of period	$	**26,091**	$	26,193

Long-term debt

The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Derivative financial assets and liabilities

The fair value of electricity related derivatives, interest rate swaps, foreign exchange contracts, physical natural gas contracts and natural gas price swaps is based on quoted market values. CIC obtains information from sources such as the New York Mercantile Exchange and the Natural Gas Exchange, independent price publications and over-the-counter broker quotes. The fair value of natural gas price options is determined using the Garman-Kohlhagen model which requires the use of various assumptions, including quoted market values, interest rates and volatility estimates for forward natural gas prices obtained from external sources. Where contract prices are referenced to an index price that has been fixed, the market price has been used to estimate the contract price.

Other financial assets and liabilities

Other financial assets and liabilities including accounts receivable and trade and other payables have not been classified in the fair value hierarchy given that carrying value approximates fair value due to immediate or short-term maturity.

b) Unrealized gains (losses) on financial instruments

Depending on the nature of the derivative instrument and market conditions, the change in fair value of derivative financial assets and derivative financial liabilities is recorded in net earnings as either revenue or operating expenses. The impact of unrealized gains (losses) on net earnings is as follows (thousands of dollars):

		March 31 2011		March 31 2010
Revenue	$	**(2,448)**	$	46,407
Operating expenses		**19,294**		(63,862)
Increase (decrease) in net earnings	$	**16,846**	$	(17,455)

7. Financial and insurance risk management (continued)

Financial risk management (continued)

c) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return. The Corporation manages the following market risks.

Power generation

CIC is exposed to natural gas price risk through natural gas purchased for its natural gas-fired power plants and through certain power purchase agreements that have a cost component based on the market price of natural gas. As at March 31, 2011, CIC had entered into financial and physical natural gas contracts to price manage approximately 42.0 per cent of its forecasted natural gas purchases for 2012, 21.0 per cent for 2013, 17.0 per cent for 2014 and 6.0 per cent for 2015.

Based on CIC's March 31, 2011 closing positions on its financial natural gas hedges a $1 dollar per gigajoule (GJ) increase in the price of natural gas would have resulted in a $23.6 million improvement in the unrealized market value gains recognized in net earnings in the period. This sensitivity analysis does not represent the underlying exposure to changes in the price of natural gas on the remaining forecasted natural gas purchases which are unhedged as of March 31, 2011.

CIC is exposed to electricity price risk on its electricity trading activities. Electricity trading risks are managed through limits on the size and duration of transactions and open positions, including Value at Risk (VaR) limits. VaR is the most commonly used metric employed to track and manage the market risk associated with trading positions. A VaR measure gives, for a specific confidence level, an estimated potential loss that could be incurred over a specific period of time. VaR is used to measure the potential change in value for the proprietary trading portfolio, over a ten day period with a 95.0 per cent confidence level, resulting from normal market fluctuations. VaR is estimated using the historical variance/co-variance approach.

VaR is a measure that has certain inherent limitations. The use of historical information in the estimate assumes that price movements in the past will be indicative of future market risk. As such, it may be only meaningful under normal market conditions. Extreme market events are not addressed by this measure. In addition, the use of a ten day measurement period implies that positions can be unwound or hedged within that period; however, this may not be possible if that market becomes illiquid. CIC recognizes the limitations of VaR and actively uses other controls, including restrictions on authorized instruments, volumetric and term limits, stress-testing of individual portfolios and of the total proprietary trading portfolio, and management review.

As at March 31, 2011, the VaR associated with electricity trading activities was $2.2 million.

Natural gas sales

CIC may manage the risk associated with the purchase and sale price of natural gas. The purchase or sale price of natural gas may be fixed within the contract, or referenced to a floating index price. When the price is referenced to a floating index price, natural gas derivative instruments may be used to fix the settlement amount. The types of natural gas derivative instruments CIC uses for price risk management include natural gas price swaps, options, swaptions and futures contracts. Based on CIC's March 31, 2011 closing positions, an increase of $1 per GJ in natural gas prices would have increased net earnings, through an increase in the fair value of natural gas derivative instruments, by $24.0 million (December 31, 2010 - $29.0 million). Conversely, a decrease of $1 per GJ would have decreased net earnings, through a decrease in the fair value of natural gas derivative instruments, by $24.0 million (December 31, 2010 - $29.0 million).

7. Financial and insurance risk management (continued)

Financial risk management (continued)

c) Market risk (continued)

Equity price risk

Equity price risk represents the potential for loss from changes in the value of equity investments.

CIC is exposed to changes in equity prices in Canadian, U.S. and EAFE (Europe, Australia and Far East) markets. The fair value of these equities at March 31, 2011 was $140.8 million (December 31, 2010 - $137.2 million).

CIC's equity price risk is assessed using VaR to measure the potential change in the value of an asset class. The VaR has been calculated based on volatility over a four-year period, using a 95.0 per cent confidence level. As such, it is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95.0 per cent of the time (19 times out of 20 years).

Asset Class		**March 31, 2011**		December 31, 2010
Canadian pooled equity fund and Canadian common shares	**+/-**	**$ 36,190**	+/-	$ 36,613
U.S. pooled equity fund and U.S. common shares	**+/-**	**9,002**	+/-	8,054
Non-North American pooled equity fund	**+/-**	**11,290**	+/-	11,128

Sinking funds

CIC has on deposit with the GRF, under the administration of the Saskatchewan Ministry of Finance, $426.1 million (December 31, 2010 - $419.7 million) in sinking funds required for certain long-term debt issues. At March 31, 2011 the GRF has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and are managed based on this maturity profile and market conditions. As such, the related credit risk associated with these investments is considered low. CIC does not believe that the impact of fluctuations in market prices related to these investments will be material and, therefore, has not provided a sensitivity analysis of the impact on net earnings or other comprehensive income.

Interest rate risk

CIC may be exposed to interest rate risk on the maturity of its long-term debt. However, in the current low interest rate environment, these risks are considered low. As a result, CIC has no financial contracts in place, other than those listed, to offset interest rate risk as of March 31, 2011. CIC has not provided a sensitivity analysis of the impact of interest rate changes on net earnings as substantially all of CIC's debt is at fixed rates at March 31, 2011.

CIC is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds, debentures, and mortgage investments. It is estimated that a 100 basis point increase or decrease in interest rates would decrease or increase net earnings by $7.1 million at March 31, 2011 (December 31, 2010 - $7.0 million).

Foreign currency risk

CIC is exposed to currency risk, primarily US dollars, through transactions with foreign suppliers and short-term foreign commitments. CIC uses a combination of derivative financial instruments to manage these exposures when deemed appropriate. CIC does not actively trade derivative financial instruments. CIC does not believe that the impact of fluctuations in foreign exchange rates on anticipated transactions will be material and therefore has not provided a sensitivity analysis of the impact on net earnings.

7. Financial and insurance risk management (continued)

Financial risk management (continued)

d) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. CIC does not have material concentrations of credit risk given that the majority of accounts receivable is diversified among many residential, farm and commercial customers primarily throughout Saskatchewan. In addition, CIC maintains credit policies and limits in respect to short-term investments, bonds, debentures, loans, notes receivable, leases receivable and counterparties to derivative instruments.

The carrying amount of financial assets represents the maximum credit exposure as follows (thousands of dollars):

		March 31 2011		December 31 2010
Cash and cash equivalents	$	**462,255**	$	404,528
Short-term investments		**204,896**		210,613
Accounts receivable		**572,708**		599,801
Derivative financial assets		**75,804**		79,124
Restricted cash and cash equivalents		**132,433**		148,818
Investments - at fair value through profit or loss		**1,199,639**		1,199,399
Investments - loans and receivables		**36,800**		23,183
Leases receivable		**3,569**		2,924
	$	**2,688,104**	$	2,668,390

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed quarterly based on an analysis of the aging of accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible. Historically, CIC has not written-off a significant portion of its accounts receivable balances.

The allowance for doubtful accounts and the aging of accounts receivable are detailed as follows (thousands of dollars):

Allowance for doubtful accounts		March 31 2011		December 31 2010
Opening balance	$	**10,864**	$	14,563
Less: Accounts written-off and other		**(3,238)**		(20,970)
Recoveries		**1,252**		5,556
Provision for losses		**2,209**		11,715
Ending balance	**$**	**11,087**	$	10,864
Accounts receivable				
Current	$	**465,330**	$	495,758
30-59 Days		**30,807**		31,493
60-89 Days		**9,008**		68,071
Greater than 90 Days		**78,650**		15,343
Gross accounts receivable		**583,795**		610,665
Allowance for doubtful accounts		**(11,087)**		(10,864)
Net accounts receivable	**$**	**572,708**	$	599,801

7. Financial and insurance risk management (continued)

Financial risk management (continued)

e) Liquidity risk

Liquidity risk is the risk that CIC is unable to meet its financial commitments as they become due. CIC is a provincial Crown corporation and as such has access to capital markets through the Saskatchewan Ministry of Finance. CIC, through its diversified holdings and capital allocation and dividend policies, can allocate resources to ensure that all financial commitments made are met.

Where necessary CIC can borrow funds from the GRF, adjust dividend rates, obtain or make grants, or be provided with or provide equity injections to solve any liquidity issues.

The following summarizes the contractual maturities of CIC's financial liabilities at March 31, 2011 (thousands of dollars):

	Carrying Amount	Contractual Cash Flows					
		Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt[1]	$ 3,977,238	$ 8,012,331	$ 91,074	$ 134,714	$ 295,212	$ 961,209	$ 6,530,122
Trade and other payables	521,427	521,427	503,954	17,473	-	-	-
Derivative financial liabilities	93,691	117,263	111,852	5,411	-	-	-
Other liabilities[2]	705,189	705,264	469,252	49,055	45,814	75,858	65,285
	$ 5,297,545	$ 9,356,285	$ 1,176,132	$ 206,653	$ 341,026	$ 1,037,067	$ 6,595,407

CIC anticipates generating sufficient cash flows through operations or credit facilities to support these contractual cash flows.

The following summarized the contractual maturities of CIC's financial liabilities at December 31, 2010 (thousands of dollars):

	Carrying Amount	Contractual Cash Flows					
		Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt[1]	$ 3,968,058	$ 8,076,501	$ 75,002	$ 134,714	$ 295,236	$ 962,603	$ 6,608,946
Trade and other payables	579,096	579,096	562,153	16,943	-	-	-
Derivative financial liabilities	113,758	165,529	123,463	42,066	-	-	-
Other liabilities[2]	824,814	824,901	591,143	42,551	46,211	79,313	65,683
	$ 5,485,726	$ 9,646,027	$ 1,351,761	$ 236,274	$ 341,447	$ 1,041,916	$ 6,674,629

[1] Contractual cash flows for long-term debt include principal and interest payments but exclude sinking fund installments.

[2] Other liabilities include: bank indebtedness, notes payable, provision for unpaid insurance claims (Note 18), amounts due to reinsurers (Note 17) and premium taxes payable (Note 17).

7. Financial and insurance risk management (continued)

Insurance risk management

Insurance risk arises with respect to the adequacy of CIC's insurance premium rates and provision for unpaid claims (consisting of underwriting and actuarial risks).

f) Underwriting risk

CIC manages its insurance risk though its underwriting and reinsurance strategies within an overall strategic planning process. Pricing is based on assumptions with regards to past experiences and trends. Exposures are managed by having documented underwriting limits and criteria, product and geographic diversification and reinsurance.

i) Diversification

CIC writes property, liability and automobile risks over a twelve month period. The most significant risks arise from weather-related events such as severe storms. CIC attempts to mitigate risk by conducting business in a number of provinces across Canada and by offering different lines of insurance products. The concentration of insurance risk by line of business is summarized below by reference to unpaid claim liabilities (thousands of dollars):

	Gross		Reinsurance Recoverable		Net	
	March 31 2011	December 31 2010	**March 31 2011**	December 31 2010	**March 31 2011**	December 31 2010
Automobile	**$ 156,742**	$ 148,458	**$ 17,675**	$ 16,020	**$ 139,067**	$ 132,438
Property	**75,109**	85,897	**19,532**	23,126	**55,577**	62,771
Liability	**66,971**	67,244	**4,180**	4,274	**62,791**	62,970
Assumed	**7,783**	7,769	**-**	-	**7,783**	7,769
Discounting	**1,833**	2,244	**1,133**	1,215	**700**	1,029
Other	**4,414**	4,296	**-**	-	**4,414**	4,296
	$ 312,852	$ 315,908	**$ 42,520**	$ 44,635	**$ 270,332**	$ 271,273

The concentration of insurance risk by location is summarized below by reference to unpaid claim liabilities (thousands of dollars):

	Gross		Reinsurance Recoverable		Net	
	March 31 2011	December 31 2010	**March 31 2011**	December 31 2010	**March 31 2011**	December 31 2010
Saskatchewan	**$ 188,656**	$ 197,492	**$ 26,435**	$ 29,726	**$ 162,221**	$ 167,766
Ontario	**80,684**	75,605	**15,288**	13,935	**65,396**	61,670
Alberta	**19,485**	19,531	**465**	752	**19,020**	18,779
Maritimes	**16,249**	15,694	**246**	108	**16,003**	15,586
Manitoba	**7,778**	7,586	**86**	114	**7,692**	7,472
	$ 312,852	$ 315,908	**$ 42,520**	$ 44,635	**$ 270,332**	$ 271,273

ii) Reinsurance

CIC also seeks to reduce losses that may arise from catastrophes or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurance issuers. CIC evaluates and monitors the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvency. The policy of underwriting and reinsuring contracts of insurance limits the liability of CIC to a maximum amount of any one loss as follows (thousands of dollars):

7. Financial and insurance risk management (continued)

Insurance risk management

f) Underwriting risk (continued)

ii) Reinsurance (continued)

		March 31 2011		December 31 2010
Dwelling and farm property	$	**750**	$	750
Unlicensed vehicles		**750**		750
Commercial property		**1,000**		1,000
Automobile and general liability		**1,500**		1,500
(subject to filling an annual aggregate deductible of)		**1,500**		1,500
Property catastrophe (health care)		**7,500**		7,500
Property catastrophe (non-health care)		**8,500**		8,500

g) Actuarial risk

The establishment of the provision for unpaid claims (Note 18) is based on known facts and interpretation of circumstances and is therefore a complex process influenced by a variety of factors. Measurement of the provision is uncertain due to claims that are not reported to CIC at the period-end date and therefore estimates are made as to the value of these claims. As well, uncertainty exists regarding the cost of reported claims that have not been settled, as all the necessary information may not be available at the period-end date.

The significant assumptions used to estimate the provision include: CIC's experience with similar cases, historical claim payment trends and claim development patterns, the characteristics of each class of business, claim severity and claim frequency, the effect of inflation on future claim settlement costs, court decisions and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim, the more variable the ultimate settlement amount will be. Accordingly, short-tail claims such as physical damage or collision claims tend to be more reasonably predictable than long-tail claims such as liability claims.

As a result, the establishment of the provision for unpaid claims relies on a number of factors, which necessarily involves risk that the actual results may differ materially from the estimates.

h) Securities lending program

Through its custodian, CIC participates in an investment securities lending program for the purpose of generating fee income. Non-cash collateral of at least 102.0 per cent of the market value of the loaned securities is retained by CIC until the loaned securities have been returned. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

As March 31, 2011, CIC held collateral of $89.6 million (December 31, 2010 - $82.0 million) for the loaned securities.

8. Restricted cash and cash equivalents

CIC holds the following cash and cash equivalents restricted for use (thousands of dollars):

	March 31, 2011		December 31, 2010	
	Current	**Non-Current**	Current	Non-Current
Carbon capture and storage initiatives (a)	**$ 73,867**	**$ -**	$ 100,240	$ -
Meadow Lake Pulp Limited Partnership (b)	**35,584**	**5,713**	22,060	20,000
Immigrant investor funds (c)	**17,269**	**-**	6,518	-
	$ 126,720	**$ 5,713**	$ 128,818	$ 20,000

a) Amounts reflect unspent funding transferred to CIC in 2008 from the GRF restricted for carbon capture and storage initiatives (Note 17).

b) Cash held by the receiver of Meadow Lake Pulp Limited Partnership which is subject to the order of the Court of Queen's Bench of Saskatchewan.

c) Immigrant investor funds are provided through the Government of Canada's Immigrant Investor Program (IIP). The funds are restricted for use in Saskatchewan's Headstart on a Home Program.

9. Inventories
(thousands of dollars)

	March 31 2011	December 31 2010
Raw materials	**$ 130,773**	$ 144,642
Natural gas in storage held for resale	**211,246**	246,732
Finished goods	**5,110**	5,176
Work-in-progress	**1,986**	1,198
	$ 349,115	$ 397,748

For the period ended March 31, 2011, $201.1 million (2010 - $185.8 million) of natural gas in storage held for resale, and $81.0 million (2010 - $102.8 million) of raw materials inventory and other inventory were consumed. CIC incurred a $3.0 million (2010 - $21.3 million) write-down of natural gas in storage held for resale and a $0.3 million (2010 - $0.4 million) write-down of other inventory to its net realizable value. There was a reversal of prior period write-downs of natural gas in storage held for resale of $4.6 million (2010 - $Nil).

10. Discontinued operations and assets held for sale

During 2010, CIC approved plans to dispose of its wholly-owned subsidiary Hospitality Network Canada, Inc. (Hospitality Network) and its 70.0 per cent interest in Saskatoon 2 Properties Limited Partnership (Saskatoon Square).

On January 4, 2011, CIC sold its interest in Saskatoon Square for proceeds of $34.4 million resulting in a gain on sale of $27.0 million. On January 31, 2011, CIC disposed of the net assets of Hospitality Network for proceeds of $36.0 million resulting in a gain on sale of $3.7 million.

During 2011, CIC approved plans to dispose of its 30.0 per cent interest in Gas Sur S.A. and its 40.0 per cent interest in IGASAMEX USA Ltd. As a result, at January 1, 2011, CIC has ceased applying the equity method and began measuring these investments at the lower of carrying amount and fair value less costs to sell. At March 31, 2011 these assets have been classified as held-for-sale.

10. Discontinued operations and assets held for sale (continued)

Assets classified as held for sale relating to discontinued operations are comprised of the following:
(thousands of dollars)

	March 31 2011	December 31 2010
Cash	$ -	$ 1,707
Accounts receivable	477	6,027
Prepaid expenses	-	2,333
Long-term assets classified as current	-	310
Other assets	29,544	31,352
	$ 30,021	$ 41,729

Liabilities classified as held for sale relating to discontinued operations are comprised of the following:
(thousands of dollars)

	March 31 2011	December 31 2010
Accounts payable and accrued liabilities	$ -	$ 1,635

The impact of discontinued operations on consolidated net earnings is comprised of the following:
(thousands of dollars)

	March 31 2011	March 31 2010
Revenue	$ 2,530	$ 8,224
Expenses	(2,495)	(6,883)
	35	1,341
Gain on sale of discontinued operations	30,767	-
Gain from discontinued operations	$ 30,802	$ 1,341

11. Investments in equity accounted investees
(thousands of dollars)

	Place of Incorporation	Reporting Date	Ownership Interest March 31 2011	Ownership Interest December 31 2010	Carrying Value March 31 2011	Carrying Value December 31 2010
Associates						
ML OSB Partnership (a)	Canada	December 31	**24.5%**	25.0%	**$ 22,669**	$ 23,695
MRM Cogeneration Station (b)	Canada	December 31	**30.0%**	30.0%	**33,532**	31,765
Jump.ca	Canada	December 31	**27.4%**	27.4%	**8,299**	7,961
Gas Sur S.A.	Chile	March 31	**-%**	30.0%	**-**	15,962
IGASAMEX USA Ltd.	Mexico	March 31	**-%**	40.0%	**-**	13,376
Other equity accounted investees					**5,767**	6,744
					70,267	99,503
Jointly controlled entities						
Apex Investment Limited Partnership	Canada	December 31	**54.7%**	54.5%	**22,989**	17,952
Centennial Foods Partnership	Canada	December 31	**32.8%**	33.1%	**490**	524
Cory Cogeneration Joint Venture (c)	Canada	December 31	**50.0%**	50.0%	**39,309**	39,418
Foragen Technologies Limited Partnership	Canada	December 31	**33.3%**	33.3%	**6,465**	6,295
Saskatchewan Entrepreneurial Fund Joint Venture	Canada	December 31	**45.5%**	45.5%	**3,146**	3,816
					72,399	68,005
					$ 142,666	$ 167,508

	March 31, 2011			December 31, 2010		
	Associates	**Jointly Controlled Entities**	**Total**	Associates	Jointly Controlled Entities	Total
Current assets	**$ 47,045**	**$ 6,610**	**$ 53,655**	$ 61,940	$ 7,199	$ 69,139
Non-current assets	**117,768**	**151,853**	**269,621**	170,334	146,816	317,150
Current liabilities	**(29,655)**	**(8,404)**	**(38,059)**	(51,218)	(7,501)	(58,719)
Non-current liabilities	**(64,891)**	**(77,660)**	**(142,551)**	(81,553)	(78,509)	(160,062)
Share of net assets	**$ 70,267**	**$72,399**	**$ 142,666**	$ 99,503	$ 68,005	$ 167,508

	March 31, 2011			March 31, 2010		
	Associates	**Jointly Controlled Entities**	**Total**	Associates	Jointly Controlled Entities	Total
Revenue	**$ 5,222**	**$ 6,159**	**$ 11,381**	$ 12,687	$ 7,710	$ 20,397
Expenses	**(4,441)**	**(4,961)**	**(9,402)**	(12,308)	(3,791)	(16,099)
Share of results	**$ 781**	**$ 1,198**	**$ 1,979**	$ 379	$ 3,919	$ 4,298

11. Investments in equity accounted investees (continued)

a) CIC is a limited partner in Meadow Lake OSB Limited Partnership (ML OSB). ML OSB operates an oriented strand board facility near Meadow Lake, Saskatchewan. CIC has issued 8,127,780 options to certain parties to purchase its units of ML OSB. These options expire on December 19, 2011.

b) The MRM Cogeneration Station is a 172 megawatt (MW) natural gas-fired cogeneration facility located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta.

c) The Cory Cogeneration Joint Venture is an unincorporated joint venture between CIC and ATCO Power Canada Ltd. The joint ventures owns and operates a 228 MW natural gas-fired cogeneration plant (Cory Cogeneration Station) near Saskatoon, Saskatchewan.

12. Property, plant and equipment

(thousands of dollars)

	Machinery and Equipment	Buildings and Improvements	Plant under Construction	Land, Coal Properties and Rights	Finance Leases	Total
Cost or deemed cost						
Balance at January 1, 2010	$ 11,061,381	$ 1,195,156	$ 527,707	$ 165,018	$ 396,954	$ 13,346,216
Additions	906,098	114,625	547,974	9,129	-	1,577,826
Disposals	(103,678)	(3,111)	(595,930)	(142)	-	(702,861)
Transfers to assets held-for-sale	(30,150)	-	(803)	-	-	(30,953)
Balance at December 31, 2010	$ 11,833,651	$ 1,306,670	$ 478,948	$ 174,005	$ 396,954	$ 14,190,228
Balance at January 1, 2011	$ 11,833,651	$ 1,306,670	$ 478,948	$ 174,005	$ 396,954	$ 14,190,228
Transferred from GRF (a)	1,012	1,804	-	-	-	2,816
Additions	117,833	8,394	128,945	1,995	-	257,167
Disposals	(38,929)	(166)	(88,279)	(2)	-	(127,376)
Balance at March 31, 2011	**$ 11,913,567**	**$ 1,316,702**	**$ 519,614**	**$ 175,998**	**$ 396,954**	**$ 14,322,835**

12. Property, plant and equipment (continued)
(thousands of dollars)

	Machinery and Equipment	Buildings and Improvements	Plant under Construction	Land, Coal Properties and Rights	Finance Leases	Total
Depreciation and impairment losses						
Balance at January 1, 2010	$ 5,603,037	$ 499,816	$ -	$ 27,331	$ 127,899	$ 6,258,083
Depreciation for the period	427,582	30,218	-	1,266	16,017	475,083
Disposals	(87,067)	(818)	-	(76)	-	(87,961)
Transfers to assets held-for-sale	(14,453)	-	-	-	-	(14,453)
Balance at December 31, 2010	$ 5,929,099	$ 529,216	$ -	$ 28,521	$ 143,916	$ 6,630,752
Balance at January 1, 2011	$ 5,929,099	$ 529,216	$ -	$ 28,521	$ 143,916	$ 6,630,752
Transferred from GRF (a)	1,012	654	-	-	-	1,666
Depreciation for the period	112,212	7,730	-	325	4,004	124,271
Disposals	(37,213)	(63)	-	-	-	(37,276)
Balance at March 31, 2011	**$ 6,005,110**	**$ 537,537**	**$ -**	**$ 28,846**	**$ 147,920**	**$ 6,719,413**
Carrying Amounts						
At January 1, 2010	$ 5,458,344	$ 695,340	$ 527,707	$ 137,687	$ 269,055	$ 7,088,133
At December 31, 2010	$ 5,904,552	$ 777,454	$ 478,948	$ 145,484	$ 253,038	$ 7,559,476
At March 31, 2011	**$ 5,908,457**	**$ 779,165**	**$ 519,614**	**$ 147,152**	**$ 249,034**	**$ 7,603,422**

a) Pursuant to Order in Council 204/2011 dated March 31, 2011, the GRF transferred property, plant and equipment with an original cost of $2.8 million and accumulated depreciation of $1.7 million to CIC at book value.

13. Investment property
(thousands of dollars)

	Buildings	Infrastructure	Leasehold Improvements	Other	Total
Cost or deemed cost					
Balance at January 1, 2010	$ 41,883	$ 9,938	$ 3,977	$ 2,014	$ 57,812
Additions	1,289	442	-	1,434	3,165
Disposals	(235)	-	(27)	-	(262)
Balance at December 31, 2010	$ 42,937	$ 10,380	$ 3,950	$ 3,448	$ 60,715
Balance at January 1, 2011	$ 42,937	$ 10,380	$ 3,950	$ 3,448	$ 60,715
Transferred from GRF (a)	127,755	42,032	2,124	-	171,911
Additions	-	-	6	541	547
Balance at March 31, 2011	**$ 170,692**	**$ 52,412**	**$ 6,080**	**$ 3,989**	**$ 233,173**

	Buildings	Infrastructure	Leasehold Improvements	Other	Total
Depreciation and impairment losses					
Balance at January 1, 2010	$ 2,205	$ 527	$ 2,145	$ -	$ 4,877
Depreciation for the period	1,235	257	650	-	2,142
Impairment losses	207	-	-	-	207
Disposals	(235)	-	-	-	(235)
Balance at December 31, 2010	$ 3,412	$ 784	$ 2,795	$ -	$ 6,991

13. Investment property (continued)
(thousands of dollars)

	Buildings	Infrastructure	Leasehold Improvements	Other	Total
Depreciation and impairment losses					
Balance at January 1, 2011	$ 3,412	$ 784	$ 2,795	$ -	$ 6,991
Transferred from GRF (a)	39,123	11,207	2,043	-	52,373
Depreciation for the period	333	78	112	-	523
Balance at March 31, 2011	**$ 42,868**	**$ 12,069**	**$ 4,950**	**$ -**	**$ 59,887**
Carrying Amounts					
At January 1, 2010	$ 39,678	$ 9,411	$ 1,832	$ 2,014	$ 52,935
At December 31, 2010	$ 39,525	$ 9,596	$ 1,155	$ 3,448	$ 53,724
At March 31, 2011	**$ 127,824**	**$ 40,343**	**$ 1,130**	**$ 3,989**	**$ 173,286**

The aggregate fair value of properties at March 31, 2011 was $281.0 million.

	March 31 2011	March 31 2010
Rental income from investment properties	**$ 9,043**	$ 7,914
Direct operating expenses from property that generated rental income during the period	**(5,337)**	(4,890)
	$ 3,706	$ 3,024

a) Pursuant to Order in Council 204/2011 dated March 31, 2011, the GRF transferred investment property with an original cost of $171.9 million and accumulated amortization of $52.4 million to CIC at book value.

14. Intangible assets
(thousands of dollars)

	Goodwill	Research and development costs	Customer accounts	Indefinite life	Other	Total
Cost						
Balance at January 1, 2010	$ 18,395	$ 366,578	$ 58,501	$ 65,981	$ 3,613	$ 513,068
Acquisitions - internally developed	-	14,726	4,364	-	5,976	25,066
Disposals and transfers	(11,938)	(1,008)	(4,253)	-	-	(17,199)
Acquisitions - other	-	7,869	-	-	1,142	9,011
Balance at December 31, 2010	$ 6,457	$ 388,165	$ 58,612	$ 65,981	$ 10,731	$ 529,946
Balance at January 1, 2011	$ 6,457	$ 388,165	$ 58,612	$ 65,981	$ 10,731	$ 529,946
Acquisitions - internally developed	-	1,563	-	-	1,521	3,084
Disposals	-	(16,942)	-	-	-	(16,942)
Acquisitions - other	-	1,404	1,523	-	94	3,021
Balance at March 31, 2011	**$ 6,457**	**$ 374,190**	**$ 60,135**	**$ 65,981**	**$ 12,346**	**$ 519,109**
Amortization and impairment losses						
Balance at January 1, 2010	$ -	$ 268,309	$ 29,817	$ -	$ 1,000	$ 299,126
Amortization for the period	-	28,304	5,238	-	263	33,805
Reversal of impairment losses	-	(577)	(1,768)	-	-	(2,345)
Balance at December 31, 2010	$ -	$ 296,036	$ 33,287	$ -	$ 1,263	$ 330,586
Balance at January 1, 2011	$ -	$ 296,036	$ 33,287	$ -	$ 1,263	$ 330,586
Amortization for the period	-	7,587	1,340	-	69	8,996
Disposals	-	(16,830)	-	-	-	(16,830)
Balance at March 31, 2011	**$ -**	**$ 286,793**	**$ 34,627**	**$ -**	**$ 1,332**	**$ 322,752**
Carrying Amounts						
At January 1, 2010	$ 18,395	$ 98,269	$ 28,684	$ 65,981	$ 2,613	$ 213,942
At December 31, 2010	$ 6,457	$ 92,129	$ 25,325	$ 65,981	$ 9,468	$ 199,360
At March 31, 2011	**$ 6,457**	**$ 87,397**	**$ 25,508**	**$ 65,981**	**$ 11,014**	**$ 196,357**

15. Other assets
(thousands of dollars)

	Note	March 31 2011	December 31 2010
Accrued pension asset	21	$ 238	$ 141
Natural gas in storage		33,194	33,194
Deferred supply agreements		8,611	9,065
Other deferred charges		11,342	11,660
		$ 53,385	$ 54,060

16. Notes payable

Notes payable are due to the GRF. These notes are due on demand and have an effective interest rate of 1.05 per cent (December 31, 2010 – 1.07 per cent).

17. Deferred revenue
(thousands of dollars)

	March 31 2011	December 31 2010
Unearned insurance premiums	$ 230,874	$ 242,497
Services billed in advance	49,143	43,306
Amounts due to reinsurers	10,623	5,960
Premium taxes payable	4,097	18,856
Customer contributions	37,825	31,382
Deferred funding from the GRF (Note 8)	73,867	100,240
Other deferred revenue	5,839	6,562
	$ 412,268	$ 448,803

18. Provisions
(thousands of dollars)

	Decommissioning Provisions (a)	Environmental Remediation (b)	Unpaid Insurance Claims Note 7(g)	Other Provisions	Total
Balance at January 1, 2011	**$ 98,045**	**$ 138,793**	**$ 315,908**	**$ 4,267**	**$ 557,013**
Provisions made during the period	**1**	**817**	**59,417**	**1,064**	**61,299**
Provisions used during the period	**(9)**	**-**	**(62,473)**	**(1,170)**	**(63,652)**
Accretion expense	**884**	**-**	**-**	**-**	**884**
Unwind of discount	**146**	**373**	**-**	**45**	**564**
Balance at March 31, 2011	**$ 99,067**	**$ 139,983**	**$ 312,852**	**$ 4,206**	**$556,108**
Current	**$ -**	**$ -**	**$ 125,895**	**$ 1,110**	**$127,005**
Non-current	**$ 99,067**	**$ 139,983**	**$ 186,957**	**$ 3,096**	**$429,103**

	Decommissioning Provisions (a)	Environmental Remediation (b)	Unpaid Insurance Claims Note 7(g)	Other Provisions	Total
Balance at January 1, 2010	$ 88,468	$ 135,701	$ 285,751	$ 4,839	$ 514,759
Provisions made during the period	5,862	4,253	284,854	4,125	299,094
Provisions used during the period	(106)	(2,694)	(254,697)	(4,907)	(262,404)
Accretion expense	3,259	-	-	-	3,259
Unwind of discount	562	1,533	-	210	2,305
Balance at December 31, 2010	$ 98,045	$ 138,793	$ 315,908	$ 4,267	$ 557,013
Current	$ -	$ -	$ 124,701	$ 1,079	$ 125,780
Non-current	$ 98,045	$ 138,793	$ 191,207	$ 3,188	$ 431,233

a) Decommissioning provisions

CIC has estimated the future cost of decommissioning certain electrical and natural gas facilities. For the purposes of estimating the fair value of these obligations, it is assumed that these costs will be incurred between 2011 and 2110 for natural gas facilities and 2011 and 2043 for electrical facilities. The undiscounted cash flows required to settle the obligations total $271.0 million (December 31, 2010 - $261.4 million). Risk-free rates between 2.80 per cent and 4.68 per cent were used to calculate the discounted carrying value of the obligation. No funds have been set aside by CIC to settle this liability.

18. Provisions (continued)

b) Environmental remediation

The following are included in the provision for environmental remediation liabilities:

i) CIC is committed to undertake necessary environmental clean-up activities on certain properties. Due to evolving environmental laws, enforcement and clean-up practices, it is not possible at this time to determine the full amount of these liabilities. CIC accrued $0.2 million in 2011 (2010 - $0.4 million) for a total of $28.2 million (December 31, 2010 - $28.0 million), to carry out the clean-up activities and associated costs related to an indemnity provided by Prince Albert Pulp Company (PAPCO) and the Province of Saskatchewan for environmental remediation liabilities predating 1986 related to the Prince Albert pulp mill site no longer owned by CIC. The timing to complete this remediation is indeterminable at this time.

ii) CIC accrued $0.6 million in 2011 (2010 - $0.9 million) for a total of $66.0 million (December 31, 2010 - $65.4 million), to carry out the clean-up activities related to an indemnity provided by PAPCO and the Province of Saskatchewan for environmental remediation liabilities predating 1986 relating to the ERCO Chemical Plant. The timing to complete this remediation is indeterminable at this time.

19. Finance and operating leases
(thousands of dollars)

	March 31 2011	December 31 2010
Total future minimum lease payments	**$ 982,617**	$ 996,494
Less: Future finance charges on finance leases	**(564,146)**	(577,045)
Present value of finance lease obligations	**418,471**	419,449
Less: current portion of finance lease obligations	**(3,892)**	(3,502)
Finance lease obligations	**$ 414,579**	$ 415,947

As at March 31, 2011, scheduled future minimum lease payments are the present value of finance lease obligations as follows:

	1 year	**1-5 years**	**More than 5 years**
Future minimum lease payments	$ 54,515	$ 230,531	$ 697,571
Present value of finance lease obligations	3,892	31,507	383,072

Future minimum lease payments for operating leases entered into by CIC, as lessee, are as follows (thousands of dollars):

	1 year	**1-5 years**	**More than 5 years**
Future minimum lease payments	$ 11,223	$ 22,929	$ 8,456

20. Long-term debt
(thousands of dollars)

	March 31, 2011 Principal Outstanding	March 31, 2011 Effective Interest Rate	December 31, 2010 Principal Outstanding	December 31, 2010 Effective Interest Rate
Years to Maturity				
A. General Revenue Fund				
1 - 5 years	**$ 326,501**	**5.33**	$ 324,101	5.34
6 - 10 years	**648,774**	**6.64**	651,174	6.64
11 - 15 years	**725,120**	**8.76**	725,120	8.76
16 - 20 years	**169,000**	**5.62**	169,000	5.62
21 - 25 years	**860,000**	**6.00**	860,000	6.00
26 - 30 years	**1,186,684**	**4.86**	1,186,684	4.86
Total due to GRF	**3,916,079**		3,916,079	
B. Other long-term debt (a) (due 2012 to 2029)	**30,716**	**6.21**	21,379	6.56
	3,946,795		3,937,458	
Unamortized debt premium	**30,443**		30,600	
	3,977,238		3,968,058	
Due within one year	**(13,914)**		(15,035)	
Total long-term debt	**$ 3,963,324**		$ 3,953,023	

a) Included in other long-term debt is $17.3 million (December 31, 2010 - $6.5 million) owing to the Government of Canada Immigrant Investor Program as described in Note 8(c). Repayment is due five years from the date received including interest at an effective interest rate of 1.47 per cent (December 31, 2010 - 1.47 per cent).

b) Principal repayments due in each of the next five years are as follows (thousands of dollars):

2012	**$ 13,914**
2013	**153,469**
2014	**57,407**
2015	**53,906**
2016	**53,997**

There is a requirement attached to certain interest-bearing issues from the GRF to make annual payments into sinking funds in amounts representing 1.0 per cent to 3.0 per cent of the original issue. The cumulative annual payments plus interest earned are used for the retirement of debt issues, upon maturity, with the GRF on a net basis.

21. Employee future benefits

CIC has three defined benefit pension plans for certain of its employees that have been closed to new membership. Annual audited financial statements for each plan are prepared and released publicly. Current service costs of this plan are charged to net earnings on the basis of actuarial valuations.

The actuarial valuations include a provision for uncommitted and ad hoc benefit increases, and are measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The estimate, therefore, involves risks that the actual amount may differ materially from the estimate. The major assumptions used in the valuations are as follows:

	March 31, 2011		
	SaskTel	**SGI**	**SaskPower**
Economic Assumptions			
Discount rate - end of period	**5.25%**	**4.90%**	**5.25%**
Expected return on plan assets	**6.75%**	**5.50%**	**6.75%**
Inflation rate	**2.50%**	**2.50%**	**2.50%**
Expected salary increase	**3.00%**	**2.50%**	**3.50%**
Post-retirement index	**100.0% of CPI**	**0.0% of CPI**	**70.0% of CPI**
Last actuarial valuation	**11/30/2009**	**01/01/2010**	**12/31/2010**

	March 31, 2010		
	SaskTel	SGI	SaskPower
Economic Assumptions			
Discount rate - end of period	**6.00%**	**5.30%**	**5.75%**
Expected return on plan assets	**6.75%**	**6.25%**	**6.75%**
Inflation rate	**2.50%**	**2.50%**	**2.50%**
Expected salary increase	**3.00%**	**2.50%**	**3.50%**
Post-retirement index	**100.0% of CPI**	**0.0% of CPI**	**70.0% of CPI**
Last actuarial valuation	**12/31/2007**	**12/31/2007**	**09/30/2009**

	December 31, 2010		
	SaskTel	SGI	SaskPower
Economic Assumptions			
Discount rate - end of period	5.25%	4.90%	5.25%
Expected return on plan assets	6.75%	5.50%	6.75%
Inflation rate	2.50%	2.50%	2.50%
Expected salary increase	3.00%	2.50%	3.50%
Post-retirement index	100.0% of CPI	0.0% of CPI	70.0% of CPI
Last actuarial valuation	11/30/2009	01/01/2010	12/31/2010

The actuarial assumptions are based on management's expectations, independent actuarial advice and guidance provided by IFRS. Two of the most significant assumptions are the discount rate and expected long-term rate of return on plan assets. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the obligations. The expected long-term rate of return on assets is based upon the asset mix of the expected returns for each asset class.

Information about CIC's defined benefit plans is as follows (thousands of dollars):

	March 31, 2011		
	SaskTel	**SGI**	**SaskPower**
Accrued benefit obligation			
Accrued benefit obligation, beginning of period	**$ 1,050,704**	**$ 36,431**	**$ 891,497**
Current service cost	**219**	**30**	**751**
Interest cost	**13,339**	**428**	**11,334**
Benefits paid	**(17,685)**	**(739)**	**(15,431)**
Accrued benefit obligation, end of period	**$ 1,046,577**	**$ 36,150**	**$ 888,151**

21. Employee future benefits (continued)

	December 31, 2010		
	SaskTel	SGI	SaskPower
Accrued benefit obligation			
Accrued benefit obligation, beginning of period	$ 976,755	$ 36,259	$ 862,752
Current service cost	1,693	131	6,539
Interest cost	56,731	1,848	48,494
Benefits paid	(65,849)	(2,954)	(50,874)
Impact of change in discount rate	81,374	1,147	44,276
Experience and other	-	-	(19,690)
Accrued benefit obligation, end of period	$ 1,050,704	$ 36,431	$ 891,497

	March 31, 2011		
	SaskTel	**SGI**	**SaskPower**
Plan assets (liability)			
Fair value of plan assets, beginning of period	**$ 945,668**	**$ 36,843**	**$ 744,687**
Actual return on plan assets	**15,498**	**488**	**12,279**
Employee funding contributions	**57**	**7**	**95**
Employer funding contributions	**4,038**	**16**	**-**
Benefits paid	**(17,742)**	**(739)**	**(15,431)**
Fair value of plan assets, end of period	**$ 947,519**	**$ 36,615**	**$ 741,630**
Funded status - plan (deficit) surplus	**$ (99,059)**	**$ 465**	**$ (146,521)**
Other	**-**	**(227)**	**-**
Accrued pension (liability) asset	**$ (99,059)**	**$ 238**	**$ (146,521)**

21. Employee future benefits (continued)

	December 31, 2010		
	SaskTel	SGI	SaskPower
Plan assets			
Fair value of plan assets, beginning of period	$ 896,306	$ 36,491	$ 700,223
Actual return on plan assets	98,401	3,192	67,295
Employee funding contributions	360	36	737
Employer funding contributions	16,450	78	27,306
Benefits paid	(65,849)	(2,954)	(50,874)
Fair value of plan assets, end of period	$ 945,668	$ 36,843	$ 744,687
Funded status - plan surplus (deficit)	$ (105,036)	$ 412	$ (146,810)
Other	-	(271)	-
Accrued pension (liability) asset	$ (105,036)	$ 141	$ (146,810)

On a combined basis, the accrued pension asset is $0.2 million (2010 - $0.1 million) (Note 15).

The defined benefit plan pension expense (income) is as follows (thousands of dollars):

	March 31, 2011		
	SaskTel	**SGI**	**SaskPower**
Current service cost - defined benefit plan	**$ 219**	**$ 22**	**$ 656**
Interest cost	**13,339**	**428**	**11,334**
Expected return on pension plan assets	**(15,497)**	**(488)**	**(12,279)**
Defined benefit plan pension income	**$ (1,939)**	**$ (38)**	**$ (289)**

	March 31, 2010		
	SaskTel	SGI	SaskPower
Current service cost - defined benefit plan	$ 333	$ 22	$ 1,430
Interest cost	14,160	461	12,097
Expected return on pension plan assets	(14,687)	(482)	(11,586)
Other	-	18	-
Defined benefit plan pension (income) expense	$ (194)	$ 19	$ 1,941

On a combined basis, the defined benefit pension plan income is $2.3 million (2010 - pension plan expense - $1.8 million).

21. Employee future benefits (continued)

The asset allocation of the defined benefit pension plan is as follows:

	March 31, 2011		
	SaskTel	**SGI**	**SaskPower**
Asset category			
Short-term investments	**8.0%**	**4.5%**	**0.6%**
Bond and debentures	**25.0%**	**51.9%**	**34.3%**
Equity securities - Canadian	**25.5%**	**16.8%**	**19.4%**
Equity securities - US	**15.2%**	**13.8%**	**10.7%**
Equity securities - Non-North American	**17.1%**	**13.0%**	**26.6%**
Real estate	**9.2%**	**0.0%**	**8.4%**

	December 31, 2010		
	SaskTel	SGI	SaskPower
Asset category			
Short-term investments	8.0%	4.0%	0.6%
Bond and debentures	25.0%	51.0%	34.3%
Equity securities - Canadian	25.5%	18.0%	19.4%
Equity securities - US	15.2%	13.0%	10.7%
Equity securities - Non-North American	17.1%	14.0%	26.6%
Real estate	9.2%	0.0%	8.4%

21. Employee future benefits (continued)

Other benefit plans

Other benefit plans include a defined benefit and a defined contribution severance plan, a supplementary superannuation plan, two defined benefit service recognition plans, a defined benefit retiring allowance plan and a voluntary early retirement plan (thousands of dollars):

	March 31, 2011			
	SaskTel	**SGI**	**SaskPower**	**SaskEnergy**
Accrued benefit liability	**$ 20,750**	**$ 16,858**	**$ 52,999**	**$ 13,281**
Net expense	**-**	**567**	**671**	**243**

	March 31, 2010			
	SaskTel	SGI	SaskPower	SaskEnergy
Net expense	$ -	$ 577	$ 617	$ 230

	December 31, 2010			
	SaskTel	SGI	SaskPower	SaskEnergy
Accrued benefit liability	$ 21,011	$ 17,346	$ 56,134	$ 13,853

The significant actuarial assumptions adopted in measuring CIC's accrued benefit obligations are:

	March 31, 2011			
	SaskTel	**SGI**	**SaskPower**	**SaskEnergy**
Discount rate	**5.4%**	**4.5%**	**4.0%**	**4.2%**
Long-term rate of compensation increases	**3.0%**	**3.5%**	**3.5%**	**3.0%**
Remaining service life (years)	**14.0**	**10.0**	**9.0**	**7.0**

	March 31, 2010			
	SaskTel	SGI	SaskPower	SaskEnergy
Discount rate	5.4%	4.5%	4.0%	5.2%
Long-term rate of compensation increases	3.0%	3.5%	3.5%	2.5%
Remaining service life (years)	14.0	10.0	9.0	8.0

	December 31, 2010			
	SaskTel	SGI	SaskPower	SaskEnergy
Discount rate	5.4%	4.5%	4.0%	4.2%
Long-term rate of compensation increases	3.0%	3.5%	3.5%	3.0%
Remaining service life (years)	14.0	10.0	9.0	7.0

Employee future benefit liability

The employees future benefit liability includes liabilities incurred from CIC's defined benefit plans and other benefit plans. At March 31, 2011, these liabilities totaled $349.8 million (December 31, 2010 - $360.5 million).

Defined contribution pension plans

CIC also has employees who are members of defined contribution pension plans. CIC's financial obligation is limited to contractual contributions to the plan. During the period, CIC paid $7.5 million (2010 - $6.9 million) into these plans.

22. Other liabilities

(thousands of dollars)

	March 31 2011	December 31 2010
Customer contributions	$ 28,982	$ 27,219
Other liabilities	42,341	43,768
	$ 71,323	$ 70,987

23. Equity advances and capital disclosures

CIC does not have share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF.

Due to its ownership structure, CIC has no access to capital markets for equity. Equity advances in CIC are determined by the shareholder on an annual basis. Dividends to the GRF are determined through the Saskatchewan provincial budget process on an annual basis.

CIC closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a CIC's capital structure. CIC uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility.

Too high a ratio relative to target indicates an excessive debt burden that may impair CIC's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

CIC reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board. CIC uses targeted debt ratios to compile a weighted average debt to equity ratio for the CIC Crown sector. The target ratio for 2011 is 55.3 per cent.

CIC raises most of its capital requirements through internal operating activities and long-term debt through the GRF. This type of borrowing allows CIC to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

CIC made no changes to its approach to capital management during the period.

The debt ratio is as follows (thousands of dollars):

	Note	March 31 2011	December 31 2010
Total debt (a)		$ 4,342,242	$ 4,440,909
Less: Sinking funds	6	(426,104)	(419,665)
Net debt		3,916,138	4,021,244
Equity (b)		4,407,237	4,065,178
Capitalization		$ 8,323,375	$ 8,086,422
Debt ratio		47.0%	49.7%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

b) Equity includes equity advances, contributed surplus and retained earnings.

24. Accumulated other comprehensive income (loss)

(thousands of dollars)

	March 31 2011	December 31 2010
Foreign currency translation adjustments	$ (980)	$ (1,106)
Unrealized gains on cash flow hedges	345	374
Unrealized losses on interest rate swaps	(431)	(525)
Unrealized gains on natural gas hedges	246	346
Other	23	-
	$ (797)	$ (911)

25. Commitments and contingencies

The following significant commitments and contingencies exist at March 31, 2011:

a) CIC has committed to provide $70.8 million (2010 - $73.5 million) in loans and equity for investment in Saskatchewan business.

b) CIC has a $5.0 million (2010 - $5.0 million) U.S. dollar guarantee related to certain obligations to its equity investment in Gas Sur S.A., established under provisions of the shareholders' agreement.

c) The Corporation has entered into power purchase agreements that provide approximately 496 MW of generating capacity. CIC also recently negotiated two power purchase agreements for the Spy Hill Power LP and the North Battleford Power LP natural gas generating facilities. The 86 MW Spy Hill facility is expected to become operational later in 2011. The 261 MW North Battleford facility will become operational in 2013. The total undiscounted cost of all power purchase agreements including capacity (availability), operating and finance expenses is expected to be $11,691.8 million (2009 - $11,882.7 million) until 2036. This includes certain power purchase agreements which have been classified as finance leases and disclosed in Note 19.

d) At 2011 prices, CIC has forward commitments of $1,117.5 million (2010 - $1,179.9 million) extending until 2024 for future minimum coal deliveries. A $4.0 million claim has been made related to the pricing on prior period coal deliveries which CIC is currently disputing. No amount has been recorded related to that claim.

e) As at March 31, 2011, CIC has committed to spend $1,090.9 million (2010 - $1,265.2 million) on capital projects.

f) CIC has issued letters of credit in the amount of $28.8 million (2010 - $26.9 million).

g) CIC has entered into contracts to purchase natural gas expected to cost $251.2 million (2010 - $205.3 million) based on forward market prices until 2013.

h) Through the Energy Performance Contracting Program, CIC has guaranteed $20.9 million (2010 - $12.2 million) of energy savings to various customers. The Energy Performance Contracting Program is a comprehensive facility improvement initiative designed to enhance the facilities of the customer while permanently reducing utility costs. These guarantees are offset by third party guarantees to CIC that ensure the energy savings are realized.

i) As at March 31, 2011, CIC has committed to future electricity trading sales of $9.1 million (2010 - $4.8 million) and electricity trading and transmission purchases of $44.9 million (2010 - $4.1 million).

j) Subject to certain conditions, CIC has agreed to make annual payments of $2.6 million to the Regina Exhibition Association until 2027 and $0.4 million to the Moose Jaw Exhibition Company Ltd. until 2028, as compensation for the loss of gaming income caused by the operation of Casino Regina and Casino Moose Jaw respectively.

k) CIC has outstanding service contract commitments of $229.5 million (2010 - $260.0 million).

25. Commitments and contingencies (continued)

l) On August 9, 2004, a proceeding under *The Class Actions Act* (Saskatchewan) was brought against several Canadian wireless and cellular service providers, including the Corporation. The proceeding involves allegations by wireless customers of breach of contract, misrepresentation, negligence, collusion, unjust enrichment and breach of statutory obligations concerning system administration fees. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers. Similar proceedings have been filed by, or on behalf of, Plaintiffs' counsel in other provincial jurisdictions. On September 17, 2007, the Saskatchewan court certified the Plaintiff's proceeding as a class action with respect to an allegation of unjust enrichment only. The appeal from this decision by the Corporation, together with all other defendants, was heard by the Court of Appeal on December 13 and 14, 2010 and a decision was reserved by the Court. The Corporation awaits receipt of the decision of the Court of Appeal. On July 24, 2009, a second proceeding under *The Class Actions Act* (Saskatchewan) was issued against several Canadian wireless and cellular providers, including the Corporation. The Corporation believes this second action involves substantially the same allegations as the 2004 claim and on December 23, 2009 the second action was conditionally stayed as an abuse of process by the Court of Queen's Bench. The Plaintiffs have applied to obtain leave of the Court of Appeal to appeal the stay of the second action. The Plaintiff's application to obtain leave is adjourned indefinitely on the condition that it cannot be dealt with until after the Court of Appeal has issued its decision in the 2004 claim. The Corporation continues to believe that it has strong defences to the allegations and that legal errors were made by the Court in the certification proceeding of the 2004 claim and that it has strong defences to the allegations contained in the 2009 action.

m) On June 26th, 2008, a proceeding under *The Class Actions Act* (Saskatchewan) was brought against several Canadian wireline, wireless and cellular service providers, including the Corporation. The proceeding involves allegations by wireline and wireless customers of breach of contract, misrepresentation, negligence, collusion, unjust enrichment and breach of statutory obligations concerning fees and charges paid for 9-1-1 service. The Plaintiffs seek unquantified damages from the defendant communications service providers. Thus far the claim has simply been issued by the Plaintiffs. The Corporation is not aware whether all the named defendant carriers have been served with the claim yet. The Corporation believes that it has strong defences to the allegations that are made by the Plaintiffs in the claim and will be strongly defending and opposing the claims that have been made. On September 27, 2010, the Corporation was advised that a case management judge has been appointed in this matter. The Corporation is not aware that any other step or action has been taken in this action.

n) CIC has a commitment to make contributions to the Power Corporation Superannuation Plan (the Plan) as a result of a binding court settlement from a legal action that was commenced in 1996 by an individual, in a representative capacity, on behalf of members of the Plan. The settlement required CIC to pay $81.3 million into the Plan in three equal installments over three years. The first two payments of $27.1 million were completed on December 15, 2009 and June 28, 2010 respectively. The final payment is due July 1, 2011.

o) CIC has issued a $10.0 million promissory note provided as acceptable credit support for project lenders in respect of the debt coverage service ratio requirements for the Cory Cogeneration Station.

p) CIC has been named a defendant in a number of civil actions in relation to a natural gas explosion that occurred in April 2008 in Nipawin, Saskatchewan. CIC has denied liability on all claims, which remain at an early stage, and does not expect the outcome to result in any material financial impact.

q) CIC has various legal matters pending which, in the opinion of management, will not have a material effect on CIC's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to CIC's financial position or results of operations could result.

26. Depreciation and amortization

(thousands of dollars)

	Note	**March 31 2011**	March 31 2010
Depreciation expense	12	**$ 124,271**	$ 116,935
Amortization of intangible assets	14	**8,996**	7,405
Investment property	13	**523**	551
		$ 133,790	$ 124,891

27. Saskatchewan taxes and fees
(thousands of dollars)

	March 31 2011	March 31 2010
Grants in lieu of taxes to municipalities	$ 8,901	$ 8,379
Saskatchewan capital tax	12,200	11,714
Gaming fees	6,012	5,814
Insurance premium tax	4,162	3,956
Other	132	115
	$ 31,407	$ 29,978

28. Finance income and expenses
(thousands of dollars)

	March 31 2011	March 31 2010
Recognized in consolidated net earnings		
Sinking fund earnings	$ 5,712	$ 5,276
Gain on sale of investments at fair value through profit or loss	4,863	1,099
Net change in fair value of financial assets at fair value through profit or loss	(17)	5,854
Interest income from investments at fair value through profit or loss	4,790	6,050
Other	2,267	1,919
Finance income	17,615	20,198
Interest expense on financial liabilities measured at amortized cost	75,067	72,272
Net change in fair value of financial assets at fair value through net profit or loss	8,850	1,713
Unwind of discount on decommissioning provisions	1,403	1,324
Interest capitalized [1]	(4,966)	(6,720)
Other	459	433
Finance expense	80,813	69,022
Net finance expense	$ (63,198)	$ (48,824)
Recognized directly in equity		
Foreign currency translation adjustments	126	(111)
Unrealized (loss) gain on cash flow hedges	(30)	208
Finance income recognized directly in equity and attributable to Province of Saskatchewan	96	97

[1] The weighted average interest rate used to capitalize interest was 5.39 per cent at March 31, 2011 (2010 - 6.38 per cent).

29. Consolidated statement of cash flows

(thousands of dollars)

	Note	March 31 2011	March 31 2010
Adjustments to reconcile net earnings (loss) to cash provided by operating activities			
Depreciation and amortization	26	$ **133,790**	$ 124,891
Sinking fund earnings	6(a)	**(5,712)**	(5,284)
Earnings from investments in equity accounted investees	11	**(1,979)**	(4,298)
Gain from discontinued operations	10	**(30,802)**	(1,341)
Defined benefit pension (income) expense	21	**(2,266)**	1,766
Provision for environmental remediation liabilities	18	**817**	1,340
Unrealized (gains) losses on derivative financial instruments	7(b)	**(16,846)**	17,455
Net finance expenses	28	**63,198**	48,824
Other non-cash items		**(752)**	20,154
		$ **139,448**	$ 203,507

30. Related party transactions

Included in these condensed consolidated interim financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to CIC by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). CIC has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

At March 31, 2011 CIC held $6.0 million (December 31, 2010 - $7.8 million) in Government of Saskatchewan bonds. In addition, CIC pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these condensed consolidated interim financial statements and the notes thereto.

Key management personnel compensation

In addition to salaries, CIC provides non-cash benefits to key management personnel, defined as the Board of Directors of each of its subsidiaries, as well as the President and Vice-Presidents of CIC and each of its subsidiaries.

Key management personnel compensation is comprised of:
(thousands of dollars)

	March 31 2011	March 31 2010
Salaries, wages and short-term employee benefits	$ **4,903**	$ 4,005
Employee future benefits	**344**	315
Termination benefits	**-**	127
Other	**10**	70
	$ **5,257**	$ 4,517

31. Explanation of transition to IFRS

As stated in note 2(a), these are CIC's first condensed consolidated interim financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 3 have been consistently applied in preparing the financial statements for the period ended March 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010, and the period ended March 31, 2010, and the preparation of an opening IFRS statement of financial position at January 1, 2010 (CIC's date of transition).

In preparing its opening IFRS statement of financial position, CIC has adjusted amounts reported previously in financial statements prepared in accordance with GAAP. Explanations of how the transition from GAAP to IFRS has affected CIC's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables (in cases where IFRS transition adjustments result in differences in excess of $5.0 million unless otherwise noted).

Reconciliation of consolidated equity
(thousands of dollars)

		March 31, 2010			December 31, 2010			January 1, 2010		
	Note	GAAP Balance	IFRS Adjustments	IFRS Balance	GAAP Balance	IFRS Adjustments	IFRS Balance	GAAP Balance	IFRS Adjustments	IFRS Balance
ASSETS										
Current										
Cash and cash equivalents	a	$ 763,862	$ 2,492	$ 766,354	$ 405,815	$ (1,287)	$ 404,528	$ 345,853	$ 3,181	$ 349,034
Short-term investments		156,488	-	156,488	210,613	-	210,613	501,054	-	501,054
Accounts receivable	b	502,751	29,515	532,266	565,608	34,193	599,801	569,457	35,370	604,827
Restricted cash and cash equivalents		70,453	(316)	70,137	129,130	(312)	128,818	85,011	(313)	84,698
Derivative financial assets		93,173	-	93,173	79,124	-	79,124	51,827	-	51,827
Inventories		384,980	288	385,268	397,543	205	397,748	413,845	262	414,107
Prepaid expenses	c	136,269	(5,098)	131,171	141,328	(5,030)	136,298	123,288	(5,898)	117,390
Assets classified as held-for-sale	d	9,425	(9,425)	-	9,195	32,534	41,729	8,822	(8,779)	43
		2,117,401	17,456	2,134,857	1,938,356	60,303	1,998,659	2,099,157	23,823	2,122,980
Restricted cash and cash equivalents		160,465	-	160,465	20,000	-	20,000	166,693	-	166,693
Investments	e	1,064,974	(13,200)	1,051,774	1,029,858	(14,964)	1,014,894	1,048,163	(9,780)	1,038,383
Investments in equity accounted investees	f	106,547	63,215	169,762	103,418	64,090	167,508	108,904	59,750	168,654
Property, plant and equipment	g	6,480,143	675,710	7,155,853	6,896,850	662,626	7,559,476	6,417,451	670,682	7,088,133
Investment property	h	-	52,920	52,920	-	53,724	53,724	-	52,935	52,935
Intangible assets	i	189,358	19,058	208,416	193,908	5,452	199,360	194,552	19,390	213,942
Other assets	j	178,828	(121,140)	57,688	193,510	(139,450)	54,060	182,441	(123,744)	58,697
Long-term assets from discontinued operations	k	38,672	(38,672)	-	38,878	(38,878)	-	38,932	(38,932)	-
		$ 10,336,388	$ 655,347	$ 10,991,735	$ 10,414,778	$ 652,903	$ 11,067,681	$ 10,256,293	$ 654,124	$ 10,910,417

31. Explanation of transition to IFRS (continued)

Reconciliation of consolidated equity (continued)
(thousands of dollars)

		March 31, 2010			December 31, 2010			January 1, 2010		
LIABILITIES AND PROVINCE'S EQUITY	Note	GAAP Balance	IFRS Adjustments	IFRS Balance	GAAP Balance	IFRS Adjustments	IFRS Balance	GAAP Balance	IFRS Adjustments	IFRS Balance
Current										
Bank indebtedness	l	$ 8,963	$ 396	$ 9,359	$ 8,750	$ 2,489	$ 11,239	$ 12,606	$ 3,100	$ 15,706
Trade and other payables	m	484,098	(8,481)	475,617	595,477	(16,381)	579,096	579,333	(6,959)	572,374
Derivative financial liabilities		125,499	(30)	125,469	113,764	(6)	113,758	66,664	(43)	66,621
Notes payable		449,275	-	449,275	472,851	-	472,851	423,725	-	423,725
Deferred revenue	n	446,759	(104,418)	342,341	556,924	(108,121)	448,803	479,029	(102,950)	376,079
Provisions	o	-	116,453	116,453	-	125,780	125,780	-	118,989	118,989
Current portion of finance lease obligations		900	1,558	2,458	900	2,602	3,502	900	1,222	2,122
Liabilities classified as held-for-sale		2,199	(2,199)	-	2,037	(402)	1,635	2,674	(2,412)	262
Long-term debt due within one year		179,765	(4,055)	175,710	19,312	(4,277)	15,035	179,640	(3,980)	175,660
		1,697,458	(776)	1,696,682	1,770,015	1,684	1,771,699	1,744,571	6,967	1,751,538
Provisions	p	-	398,329	398,329	-	431,233	431,233	-	395,770	395,770
Finance lease obligations	q	6,752	410,942	417,694	6,661	409,286	415,947	6,661	411,887	418,548
Long-term debt	r	3,597,600	(73,642)	3,523,958	4,023,260	(70,237)	3,953,023	3,594,957	(74,667)	3,520,290
Employee future benefits	s	-	348,436	348,436	-	360,525	360,525	-	353,255	353,255
Other liabilities	t	650,204	(450,872)	199,332	553,682	(482,695)	70,987	652,625	(447,220)	205,405
Long-term liabilities from discontinued operations	u	5,836	(5,836)	-	5,607	(5,607)	-	5,909	(5,909)	-
		$ 5,957,850	$ 626,581	$ 6,584,431	$ 6,359,225	$ 644,189	$ 7,003,414	$ 6,004,723	$ 640,083	$ 6,644,806
PROVINCE OF SASKATCHEWAN'S EQUITY										
Equity advances		1,051,152	-	1,051,152	931,152	-	931,152	1,051,152	-	1,051,152
Other equity items		111	-	111	161	-	161	136	-	136
Retained earnings	v	3,301,680	56,685	3,358,365	3,100,996	32,869	3,133,865	3,177,214	37,717	3,214,931
Accumulated other comprehensive income (loss)	w	25,595	(27,919)	(2,324)	23,244	(24,155)	(911)	23,068	(23,676)	(608)
		$ 4,378,538	$ 28,766	$ 4,407,304	$ 4,055,553	$ 8,714	$ 4,064,267	$ 4,251,570	$ 14,041	$ 4,265,611
		$ 10,336,388	$ 655,347	$ 10,991,735	$ 10,414,778	$ 652,903	$ 11,067,681	$ 10,256,293	$ 654,124	$ 10,910,417

31. Explanation of transition to IFRS (continued)

Reconciliation of consolidated comprehensive income for the three months ended March 31, 2010
(thousands of dollars)

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
REVENUE				
Sales of products and services	x	$ 1,199,228	$ 2,459	$ 1,201,687
Investment	y	12,203	(12,203)	-
Other	z	29,536	(6,181)	23,355
		1,240,967	(15,925)	1,225,042
EXPENSES				
Operating costs	aa	900,014	(230,947)	669,067
Interest	ab	57,673	(57,673)	-
Salaries, wages and short-term employee benefits	ac	-	200,547	200,547
Employee future benefits	ad	-	10,284	10,284
Depreciation and amortization	ae	121,550	3,341	124,891
Gain on disposal of property, plant and equipment	af	-	1,791	1,791
Research and development	ag	-	525	525
Environmental remediation liabilities		-	1,340	1,340
Saskatchewan taxes and fees	ah	38,420	(8,442)	29,978
		1,117,657	(79,234)	1,038,423
RESULTS FROM OPERATING ACTIVITIES		123,310	63,309	186,619
Finance income	ai	-	20,198	20,198
Finance expenses	aj	-	(69,022)	(69,022)
NET FINANCE EXPENSES		-	(48,824)	(48,824)
EARNINGS BEFORE THE FOLLOWING		123,310	14,485	137,795
Share of net profit of equity accounted investees	ak	-	4,298	4,298
EARNINGS FROM CONTINUING OPERATIONS		123,310	18,783	142,093
Gain from discontinued operations		1,156	185	1,341
NET EARNINGS		124,466	18,968	143,434

31. Explanation of transition to IFRS (continued)

Reconciliation of consolidated comprehensive income for the three months ended March 31, 2010 (continued)
(thousands of dollars)

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
OTHER COMPREHENSIVE INCOME (LOSS)				
Share of changes in comprehensive income recognized by associates		-	150	150
Foreign currency translation adjustments		(2,002)	1,891	(111)
Unrealized gains (losses) on cash flow hedges		286	(78)	208
Unrealized gains on available-for-sale financial assets	al	5,305	(5,305)	-
Reclassification for realized gains on sale of investments included in operations		(1,062)	(901)	(1,963)
OTHER COMPREHENSIVE INCOME (LOSS)		2,527	(4,243)	(1,716)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PROVINCE OF SASKATCHEWAN		$ 126,993	$ 14,725	$ 141,718

31. Explanation of transition to IFRS (continued)

Reconciliation of consolidated comprehensive income for the year ended December 31, 2010
(thousands of dollars)

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
REVENUE				
Sales of products and services	x	$ 4,342,518	$ 36,261	$ 4,378,779
Investment	y	78,519	(78,519)	-
Other	z	122,841	(7,709)	115,132
		4,543,878	(49,967)	4,493,911
EXPENSES				
Operating costs	aa	3,283,075	(890,745)	2,392,330
Interest	ab	231,652	(231,652)	-
Salaries, wages and short-term employee benefits	ac	-	788,138	788,138
Employee future benefits	ad	-	46,734	46,734
Depreciation and amortization	ae	497,660	17,087	514,747
Gain on disposal of property plant and equipment	af	-	9,719	9,719
Impairment losses on investment property		-	207	207
Research and development	ag	-	5,815	5,815
Provision for environmental remediation liabilities		-	5,041	5,041
Saskatchewan taxes and fees	ah	136,816	(19,814)	117,002
		4,149,203	(269,470)	3,879,733
RESULTS FROM OPERATING ACTIVITIES		394,675	219,503	614,178
Finance income	ai	-	95,554	95,554
Finance expenses	aj	-	(295,101)	(295,101)
NET FINANCE EXPENSES		-	(199,547)	(199,547)
EARNINGS BEFORE THE FOLLOWING		394,675	19,956	414,631
Share of net profit of equity accounted investees	ak	-	16,933	16,933
Provision for environmental remediation liabilities		(4,020)	4,020	-
EARNINGS FROM CONTINUING OPERATIONS		390,655	40,909	431,564
Gain from discontinued operations		4,127	695	4,822
NET EARNINGS		$ 394,782	$ 41,604	$ 436,386

31. Explanation of transition to IFRS (continued)

Reconciliation of consolidated comprehensive income for the year ended December 31, 2010 (continued)
(thousands of dollars)

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
OTHER COMPREHENSIVE INCOME (LOSS)				
Defined benefit plan actuarial losses		-	(47,400)	(47,400)
Share of changes in comprehensive income recognized by associates		-	349	349
Foreign currency translation adjustments		(845)	701	(144)
Unrealized gains (losses) on cash flow hedges		542	(26)	516
Unrealized gains on available-for-sale financial assets	al	23,710	(23,710)	-
Reclassification for realized gains on sale of investments included in operations		(23,231)	23,231	-
Other		-	(1,024)	(1,024)
OTHER COMPREHENSIVE INCOME (LOSS)		176	(47,879)	(47,703)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PROVINCE OF SASKATCHEWAN		**$ 394,958**	**$ (6,275)**	**$ 388,683**

Reconciliation of consolidated cash flows for the period ended
(thousands of dollars)

	December 31 2010	March 31 2010
Net change in cash under GAAP	**$ 63,811**	**$ 422,506**
Differences increasing (decreasing) reported net change in cash:		
Cash from operating activities	44,094	16,943
Cash used in investing activities	(49,334)	(15,380)
Cash from (used in) financing activities	7,417	(402)
Net change in cash under IFRS	**$ 65,988**	**$ 423,667**

Consistent with CIC's accounting policy choice under IAS 7 - *Statement of Cash Flows*, dividends received have been classified as investing activities. Interest paid has been reclassified from net earnings under GAAP into a separate line item in the operating activities section under IFRS. Interest received has been reclassified from net earnings within cash from operating activities under GAAP into a separate line item in the investing activities section under IFRS. Customer contributions which were netted against the purchase of property, plant and equipment under GAAP have been reclassified to operating cash flows under IFRS. There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under GAAP.

31. Explanation of transition to IFRS (continued)

The following tables provide breakdowns of reconciling items that impacted each financial statement line item as referenced in the reconciliations between GAAP and IFRS above (in cases where reconciling items result in differences in excess of $5.0 million unless otherwise noted). Narrative explanations for reconciling items follow the tables with cross references to those narratives as shown.

a Cash and cash equivalents
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reverse GAAP discontinued operations reclassifications (1)	$ 6,867	$ -	$ 6,094
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	(4,375)	(1,287)	(2,913)
	$ 2,492	$ (1,287)	$ 3,181

b Accounts receivable
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Directory advertising revenue (3)	$ 13,374	$ 18,333	$ 18,447
Saskatchewan Auto Fund constructive obligation (4)	5,744	5,153	5,868
Reclassify customer down payments from accounts receivable to trade and other payables (5)	4,345	5,291	4,562
Other	6,052	5,416	6,493
	$ 29,515	$ 34,193	$ 35,370

c Prepaid expenses
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Prepaid publishing expenses (6)	$ (4,598)	$ (5,193)	$ (5,129)
Other	(500)	163	(769)
	$ (5,098)	$ (5,030)	$ (5,898)

31. Explanation of transition to IFRS (continued)

d Assets classified as held-for-sale
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reverse GAAP discontinued operations reclassifications (1)	$ (9,425)	$ -	$ (8,358)
Reclassify long-term assets from discontinued operations to current (7)	-	32,534	-
Other	-	-	(421)
	$ (9,425)	$ 32,534	$ (8,779)

e Investments
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	$ (19,494)	$ (22,462)	$ (16,071)
Revalue cost based investments (8)	6,211	7,385	6,211
Other	83	113	80
	$ (13,200)	$ (14,964)	$ (9,780)

f Investments in equity accounted investees
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	$ 61,549	$ 64,090	$ 59,456
Other	1,666	-	294
	$ 63,215	$ 64,090	$ 59,750

31. Explanation of transition to IFRS (continued)

g Property, plant and equipment
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Customer contributions (9)	$ 468,654	$ 521,640	$ 489,943
Finance leases (10)	256,430	244,784	260,312
Property fair value adjustments (11)	206,161	203,750	207,233
De-capitalization of indirect overhead (12)	(140,238)	(166,116)	(178,806)
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	(101,551)	(99,751)	(102,664)
Reclassify investment property (13)	(53,539)	(54,370)	(53,502)
Capitalized interest (14)	(12,245)	(4,616)	26,562
Recalculation of decommissioning and environmental remediation provisions (15)	(23,689)	(23,329)	(24,000)
Capital reconstruction charge (16)	18,294	17,678	18,500
Reverse GAAP discontinued operations reclassifications (1)	16,809	-	16,977
Reclassify government grants to other liabilities (17)	16,566	16,366	16,632
Other	24,058	6,590	(6,505)
	$ 675,710	$ 662,626	$ 670,682

h Investment property
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reclassify investment property from property, plant and equipment (13)	$ 53,539	$ 54,370	$ 53,502
Other	(619)	(646)	(567)
	$ 52,920	$ 53,724	$ 52,935

i Intangible assets
(thousands of dollars)

	Increase (decrease)		
	March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reverse GAAP discontinued operations reclassifications (1)	$ 14,657	$ -	$ 14,753
Reclassify goodwill from other assets to intangible assets (18)	6,557	6,457	7,057
Other	(2,156)	(1,005)	(2,420)
	$ 19,058	$ 5,452	$ 19,390

31. Explanation of transition to IFRS (continued)

j Other assets
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Employee future benefits (19)	$ (190,423)	$ (237,729)	$ (196,592)
Reclassify employee future benefits (20)	76,120	105,034	80,449
Reclassify goodwill from other assets to intangible assets (18)	(6,557)	(6,457)	(7,057)
Other	(280)	(298)	(544)
	$ (121,140)	$ (139,450)	$ (123,744)

k Long-term assets from discontinued operations
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reverse GAAP discontinued operations reclassifications (1)	$ (38,672)	$ -	$ (31,732)
Reclassify long-term assets from discontinued operations to current (7)	-	(32,534)	-
Other	-	(6,344)	(7,200)
	$ (38,672)	$ (38,878)	$ (38,932)

l Bank indebtedness
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling item:			
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	$ 396	$ 2,489	$ 3,100

31. Explanation of transition to IFRS (continued)

m Trade and other payables
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reclassify employee future benefits (20)	$ (20,092)	$ (21,348)	$ (20,073)
Reclassify customer down payments from accounts receivable to trade and other payables (5)	4,345	5,291	4,562
Other	7,266	(324)	8,552
	$ (8,481)	$ (16,381)	$ (6,959)

n Deferred revenue - current
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reclassify unpaid insurance claims to provisions (21)	$ (115,455)	$ (125,060)	$ (117,994)
Customer contributions (9)	13,277	19,348	17,451
Other	(2,240)	(2,409)	(2,407)
	$ (104,418)	$ (108,121)	$ (102,950)

o Provisions - current
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reclassify unpaid insurance claims to provisions (21)	$ 115,455	$ 125,060	$ 117,994
Other	998	720	995
	$ 116,453	$ 125,780	$ 118,989

31. Explanation of transition to IFRS (continued)

p Provisions – long-term
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reclassify unpaid insurance claims to provisions (21)	$ 177,030	$ 191,760	$ 175,581
Reclassify decommissioning and environmental remediation liabilities to provisions (22)	236,192	247,968	235,281
Recalculations for decommissioning and environmental remediation liabilities (15)	(10,080)	(8,993)	(10,305)
Recalculation of unpaid insurance claims (23)	(7,746)	(553)	(7,475)
Other	2,933	1,051	2,688
	$ 398,329	$ 431,233	$ 395,770

q Finance lease obligations
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling item:			
Finance leases (10)	$ 410,942	$ 409,286	$ 411,887

r Long-term debt
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	$ (73,372)	$ (70,237)	$ (74,393)
Other	(270)	-	(274)
	$ (73,642)	$ (70,237)	$ (74,667)

31. Explanation of transition to IFRS (continued)

s Employee future benefits
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Employee future benefits (19)	$ 172,000	$ 136,922	$ 176,564
Reclassify employee future benefits from other liabilities (20)	80,224	97,221	76,169
Reclassify employee future benefits from trade and other other payables (20)	20,092	21,348	20,073
Reclassify employee future benefits from other assets (20)	76,120	105,034	80,449
	$ 348,436	$ 360,525	$ 353,255

t Other liabilities
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reclassify decommissioning and environmental remediation liabilities to provisions (22)	$ (236,192)	$ (247,968)	$ (235,281)
Reclassify unpaid insurance claims to provisions (21)	(177,030)	(191,760)	(175,581)
Reclassify employee future benefits (20)	(80,224)	(97,221)	(76,169)
Reclassify government grants to other liabilities (17)	16,566	16,366	16,632
Customer contributions (9)	10,818	20,653	9,051
Other	15,190	17,235	14,128
	$ (450,872)	$ (482,695)	$ (447,220)

u Long-term liabilities of discontinued operations
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling item:			
Equity accounting used under IFRS versus proportionate consolidation under GAAP (2)	$ (5,836)	$ (5,607)	$ (5,909)

31. Explanation of transition to IFRS (continued)

v Retained earnings
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Customer contributions (9)	$ 475,064	$ 500,926	$ 462,281
Employee future benefits (19)	(358,827)	(329,588)	(373,156)
Property fair value adjustments (11)	206,528	205,716	207,233
De-capitalization of indirect overhead (12)	(182,079)	(211,516)	(181,077)
Finance leases (10)	(156,070)	(167,104)	(152,797)
Reclassify actuarial losses from accumulated other comprehensive income to retained earnings (24)	-	(47,400)	-
Reclassify investment gains from accumulated other comprehensive income (25)	31,768	27,655	27,221
Capitalized interest (14)	29,923	37,553	26,521
Capital reconstruction charge (16)	18,294	17,678	18,500
Directory advertising revenue and prepaid publishing expenses (3 and 6)	10,644	16,146	16,393
Recalculations for decommissioning and environmental remediation provisions (15)	(13,609)	(14,336)	(13,695)
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	9,057	9,042	12,479
Recalculation of unpaid insurance claims (23)	7,509	1,416	7,475
Saskatchewan Auto Fund constructive obligation (4)	5,744	5,153	5,868
Revalue cost-based investments (8)	6,211	7,385	6,211
Other	(33,472)	(25,857)	(31,740)
	$ 56,685	$ 32,869	$ 37,717

w Accumulated other comprehensive income (loss)
(thousands of dollars)

	Increase (decrease) March 31 2010	December 31 2010	January 1 2010
Reconciling items:			
Reclassify investment gains/losses from accumulated other comprehensive income (25)	$ (31,768)	$ (27,655)	$ (27,221)
Reclassify actuarial losses from accumulated other comprehensive income to retained earnings (24)	-	(47,400)	-
Employee future benefits (19)	-	47,400	-
Other	3,849	3,500	3,545
	$ (27,919)	$ (24,155)	$ (23,676)

31. Explanation of transition to IFRS (continued)

x Sales of products and services
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Customer contributions (9)	$ 59,351	$ 16,606
Reclassify revenue collected for municipalities (26)	(19,113)	(8,442)
Directory advertising revenues (3)	(247)	(5,748)
Other	(3,730)	43
	$ 36,261	$ 2,459

y Investment revenue
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify investment revenue to finance income (27)	$ (69,251)	$ (11,892)
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	(8,072)	-
Reclassify investment revenue to share of net profit of equity accounted investees (28)	(6,744)	(388)
Reclassify investment revenue to finance expenses (29)	5,548	-
Other	-	77
	$ (78,519)	$ (12,203)

z Other income
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify other income to finance income (30)	$ (16,498)	$ (2,233)
Reclassify other income to finance expenses (31)	11,397	-
Other	(2,608)	(3,948)
	$ (7,709)	$ (6,181)

31. Explanation of transition to IFRS (continued)

aa Operating costs
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify salaries, wages and short-term employee benefits (32)	$ (760,861)	$ (196,560)
Reclassify employee future benefits (33)	(88,697)	(22,844)
Finance leases (10)	(52,181)	(13,360)
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	11,700	3,067
Employee future benefits (19)	7,068	1,767
Recalculation of unpaid insurance claims (23)	6,059	34
Reclassify operating costs to research and development (34)	(5,815)	(525)
Other	(8,018)	(2,526)
	$ (890,745)	$ (230,947)

ab Interest
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify interest to finance expenses (35)	$ (221,091)	$ (55,753)
Capitalized interest (14)	(11,032)	(3,402)
Other	471	1,482
	$ (231,652)	$ (57,673)

ac Salaries, wages and short-term employee benefits
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify salaries, wages and short-term employee benefits (32)	$ 760,861	$ 196,560
De-capitalization of indirect overhead (12)	27,268	3,987
Other	9	-
	$ 788,138	$ 200,547

ad Employee future benefits
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify employee future benefits (33)	$ 97,369	$ 22,844
Employee future benefits (19)	(50,635)	(12,560)
	$ 46,734	$ 10,284

31. Explanation of transition to IFRS (continued)

ae Depreciation and amortization
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Customer contributions (9)	$ 20,429	$ 4,874
Finance leases (10)	15,528	3,882
Reclassify gains on sale of property, plant and equipment (36)	(8,029)	(1,761)
De-capitalization of indirect overhead (12)	(6,064)	(1,280)
Other	(4,777)	(2,374)
	$ 17,087	$ 3,341

af Gain on disposal of property, plant and equipment
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify gains on sale of property, plant and equipment (36)	$ 8,029	$ 1,761
Other	1,690	30
	$ 9,719	$ 1,791

ag Research and development
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling item:		
Reclassify operating costs to research and development (34)	$ 5,815	$ 525

ah Saskatchewan taxes and fees
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify revenue collected for municipalities (26)	$ (19,113)	$ (8,442)
Other	(701)	-
	$ (19,814)	$ (8,442)

31. Explanation of transition to IFRS (continued)

ai Finance income
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify investment revenue to finance income (27)	$ 69,251	$ 11,892
Reclassify other income to finance income (30)	16,498	2,233
Reclassify investment gains from accumulated other comprehensive income (25)	7,846	5,166
Other	1,959	907
	$ 95,554	$ 20,198

aj Finance expenses
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify interest to finance expenses (35)	$ (221,091)	$ (55,753)
Finance leases (10)	(50,941)	(12,748)
Reclassify other income to finance expenses (31)	(11,397)	-
Reclassify investment revenue to finance expenses (29)	(5,548)	-
Reclassify investment losses from accumulated other comprehensive income (25)	(5,518)	(407)
Other	(606)	(114)
	(295,101)	$ (69,022)

ak Share of net profit of equity accounted investees
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify investment revenue to share of net profit of equity accounted investees (28)	$ 6,744	$ 388
Equity accounting under IFRS versus proportionate consolidation under GAAP (2)	6,543	2,459
Other	3,646	1,451
	$ 16,933	$ 4,298

31. Explanation of transition to IFRS (continued)

al Unrealized gains on available for sale financial assets
(thousands of dollars)

	Increase (decrease) December 31 2010	Increase (decrease) March 31 2010
Reconciling items:		
Reclassify investment gains from accumulated other comprehensive income (25)	$ (23,710)	$ (5,305)

Notes to financial statement line item reconciliations

1) Reverse GAAP discontinued operations reclassifications

During 2010, for operations that were determined to be discontinued, GAAP required reclassification of the December 31, 2009 balance sheet to move individual line item balances from continuing operations to discontinued operations. IFRS does not require retroactive reclassification of discontinued operations. Therefore all discontinued operation reclassifications were reversed for IFRS purposes.

2) Equity accounting used under IFRS versus proportionate consolidation under GAAP

Under IFRS, CIC accounts for jointly controlled interests using the equity method. Under GAAP, CIC accounted for these interests using the proportionate consolidation method.

3) Directory advertising revenues

Under GAAP directory advertising revenue was recognized on a monthly basis over the life of the print directory in accordance with the contractual terms with advertisers. Under IFRS, print directory revenues are recognized immediately when each directory is distributed to the public.

4) Saskatchewan Auto Fund constructive obligation

CIC allocates a portion of its post-retirement benefit costs associated with the SGI defined benefit pension plan and defined benefit service recognition plans to the Saskatchewan Auto Fund (the Fund) for those employees providing service to the Fund. IFRS adjustments related to recognition of actuarial gains and losses on these plans (see (19) below) result in corresponding adjustments to reallocate expenses to the Fund. The constructive obligation arises from events and transactions before the date of transition to IFRS and accordingly has been recognized directly in retained earnings.

5) Reclassify customer down payments from accounts receivable to trade and other payables

Under GAAP, customer down payments were netted against accounts receivable. Under IFRS, customer down payments have been reclassified to trade and other payables.

6) Prepaid publishing expenses

Under GAAP, expenses directly related to directory publications were deferred and amortized over the life of the related directory. Under IFRS, these expenses are recognized immediately when the related directory is distributed to the public.

7) Reclassify long-term assets from discontinued operations to current

Under GAAP, certain assets from discontinued operations were classified as long-term and shown on a separate line item on the statement of financial position. Under IFRS, all assets from discontinued operations are required to be classified as current on the statement of financial position.

31. Explanation of transition to IFRS (continued)

Notes to financial statement line item reconciliations (continued)

8) Revalue cost-based investments

Certain investments formerly carried at cost under GAAP, are required to be carried at fair market value under IFRS.

9) Customer contributions

Under IFRS, customer contributions received from certain customers toward the costs of electricity and natural gas service extensions are initially recorded as current deferred revenue and recognized as revenue when the related capital asset is available for use and any obligations to refund monies to customers have expired. Under GAAP, customer contributions were netted against property, plant and equipment and amortized over the estimated service life of the related asset. Under GAAP, the amortization of these contributions was netted against depreciation expense.

Under GAAP, transfers of assets from customers related to telecommunication service connections were recorded as property, plant and equipment with a corresponding reduction in the cost of the related asset. Under IFRS, the corresponding adjustment on the receipt of the asset is recognized as revenue when the customer is connected to the telecommunications network.

10) Finance leases

Under IFRS, certain take-or-pay power purchase agreements which give CIC the exclusive right to use specific production assets have been determined to meet the definition of a lease. Under GAAP, lease treatment was not required as the contracts were entered into prior to the effective date of the GAAP standard.

Upon transition to IFRS, CIC elected to recognize finance leases for these arrangements on the basis of facts and circumstances existing at the Transition Date.

11) Property fair value adjustments

IFRS 1 provides the option to measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date. On transition to IFRS, CIC elected to fair value certain land and building assets. Under GAAP, these properties were measured on the cost basis.

12) De-capitalization of indirect overhead

Under GAAP, CIC capitalized certain costs, including general and administrative overhead, which are not eligible to be capitalized under IFRS.

13) Reclassify investment property from property, plant and equipment

Certain assets classified as property, plant and equipment under GAAP meet the definition of investment property under IFRS.

14) Capitalized interest

Under GAAP, CIC capitalized borrowing costs on certain but not all of its qualifying assets. Under IFRS, interest on all qualifying assets is required to be capitalized.

15) Recalculation of decommissioning and environmental remediation provisions

Under IFRS, a decommissioning provision is a legal or constructive obligation associated with retiring and decommissioning a long-lived asset. CIC recognizes these provisions in the period incurred if a reasonable estimate of fair value (net present value) can be determined. Under GAAP, asset retirement obligations were recognized in respect of CIC's legal obligation to decommission its electricity generation and natural gas facilities. On transition to IFRS, these provisions were re-measured based on management's best estimate of future cash flows at the reporting date. Accordingly, CIC discounted the adjustment to the date that the liability first arose on commissioning, and calculated the accumulated depreciation on that amount based on current depreciation rates.

Under IFRS, a provision for environmental remediation liabilities is accrued when the occurrence of an environmental expenditure, related to present or past activities is considered probable and the costs of remedial activities can be reasonably estimated. Under GAAP, CIC recognized environmental remediation provisions based on management's best estimate considering current environmental laws and regulations.

Upon transition to IFRS, these environmental remediation provisions were re-measured at discounted amounts.

31. Explanation of transition to IFRS (continued)

Notes to financial statement line item reconciliations (continued)

16) Capital reconstruction charge

Under GAAP, capital reconstruction charges received from certain customers towards the cost of constructing electrical facilities were netted against property, plant and equipment and amortized over the estimated service life of the related asset. Under IFRS, unamortized capital reconstruction charge balances no longer meet the requirements for deferral resulting in an immediate increase to retained earnings.

17) Reclassify government grants to other liabilities

Under GAAP, capital grants received from government entities outside of the consolidated group were netted against property, plant and equipment. IFRS does not allow netting of capital grants resulting in a reclassification of remaining balances to deferred revenue and other liabilities.

18) Reclassify goodwill from other assets to intangible assets

Under GAAP, goodwill was classified as part of other assets. Under IFRS, goodwill is defined as an intangible asset resulting in the reclassification of outstanding goodwill balances.

19) Employee future benefits

Under IFRS, CIC's accounting policy is to recognize all actuarial gains and losses arising from employee future benefit plans directly in other comprehensive income in the period of occurrence. Under GAAP, CIC recognized actuarial gains and losses in earnings over the average remaining service life of the employees in the plan (the corridor approach). At the date of transition, all previously unrecognized cumulative actuarial gains and losses for all employee future benefit plans were recognized in retained earnings. The employee future benefit expense on the consolidated statement of comprehensive income has been calculated based on the actuarial valuations obtained at each period-end.

20) Reclassify employee future benefits

Under GAAP, employee future benefits were included on various financial statement line items including other assets, trade and other payables, and other liabilities. Under IFRS, all employee future benefits are reclassified to a separate employee future benefit line item.

21) Reclassify unpaid insurance claims to provisions

Under GAAP, unpaid insurance claims were included in deferred revenue and other liabilities. Under IFRS, unpaid insurance claims meet the definition of a provision and therefore have been reclassified to the provisions line item.

22) Reclassify decommissioning and environmental remediation liabilities to provisions

Under GAAP, decommissioning obligations and environmental remediation liabilities were included in other liabilities. Under IFRS, decommissioning obligations, and environmental remediation liabilities meet the definition of a provision and therefore have been reclassified to the provisions line item.

23) Recalculation of unpaid insurance claims

Under GAAP, liabilities for unpaid insurance claims were recorded at undiscounted values. IFRS requires these claims to be recorded at discounted values.

24) Reclassify actuarial losses from accumulated other comprehensive income to retained earnings

As explained in (19) above, actuarial losses on employee future benefit plans are initially recorded in other comprehensive income in the period of occurrence and subsequently reclassified to retained earnings.

25) Reclassify investment gains/losses from accumulated other comprehensive income

Under GAAP, unrealized gains and losses on available-for-sale investments were included in accumulated other comprehensive income (AOCI). Under IFRS, unrealized gains and losses on available-for-sale investments are immediately recorded in net earnings, resulting in the reclassification of cumulative unrealized gains and losses at the date of transition from AOCI to retained earnings.

31. Explanation of transition to IFRS (continued)

Notes to financial statement line item reconciliations (continued)

26) Reclassify revenue collected for municipalities

Under GAAP, revenue collected for municipalities was classified as part of sales of products and services. Under IFRS, this revenue is netted against Saskatchewan taxes and fees expense.

27) Reclassify investment revenue to finance income

Certain investment revenue under GAAP has been reclassified to the finance income line item on the consolidated statement of comprehensive income under IFRS.

28) Reclassify investment revenue to share of net profit of equity accounted investees

Earnings from equity accounted investments was classified as investment revenue under GAAP but is reclassified to a separate line item on the statement of comprehensive income under IFRS.

29) Reclassify investment revenue to finance expenses

Certain expenses that were netted against investment revenue under GAAP have been reclassified to the finance expense line item on the consolidated statement of comprehensive income under IFRS.

30) Reclassify other income to finance income

Certain amounts classified as other income under GAAP have been reclassified to the finance income line item on the consolidated statement of comprehensive income under IFRS.

31) Reclassify other income to finance expenses

Certain expenses that were netted against other income under GAAP have been reclassified to the finance expense line item on the consolidated statement of comprehensive income under IFRS.

32) Reclassify salaries, wages and short-term employee benefits

Under GAAP, salaries, wages and short-term employee benefits were included within operating costs on the consolidated statement of comprehensive income. Under IFRS, salaries, wages and short-term employee benefits are presented on a separate line item on the consolidated statement of comprehensive income.

33) Reclassify employee benefits

Under GAAP, employee benefits were included within operating costs on the consolidated statement of comprehensive income. Under IFRS, employee benefits are presented on a separate line item on the consolidated statement of comprehensive income.

34) Reclassify operating costs to research and development

Certain expenses included in operating costs under GAAP have been reclassified to the research and development line item on the consolidated statement of comprehensive income under IFRS.

35) Reclassify interest to finance expenses

Under GAAP, interest expense was presented as a separate line item on the consolidated statement of comprehensive income. Under IFRS, interest expenses is included in finance expenses.

36) Reclassify gains on sale of property, plant and equipment

Gains on sale of property, plant and equipment which were netted against depreciation expense under GAAP have been reclassified to a separate line item on the consolidated statement of comprehensive income under IFRS.

Separate Financial Statements

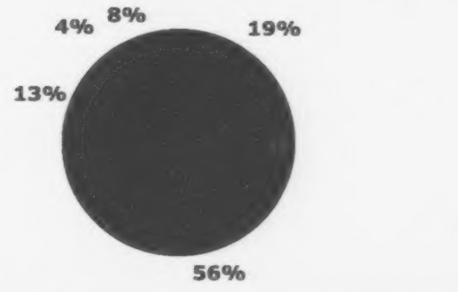
Management's Discussion and Analysis

CIC is the provincial government's holding company for its commercial Crowns. CIC has invested equity in its subsidiary Crown corporations and collects dividends from these corporations based on their profitability.

This narrative on CIC's separate March 31, 2011 first quarter results should be read in conjunction with the March 31, 2011 unaudited separate financial statements.

For the purposes of this narrative on CIC's separate financial results, "CIC" refers to the holding company.

Dividend Revenue



Transition to IFRS

The Canadian Accounting Standards Board confirmed that publicly accountable enterprises are required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009, approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS and Other Government Organizations (OGO's) to adopt either IFRS or the public sector handbook, whichever is considered the most appropriate basis of accounting. CIC, as a stand-alone entity is an OGO, however, because the majority of its subsidiaries are GBE's, CIC has selected IFRS as its accounting platform for the CIC separate financial statements. The unaudited March 31, 2011 interim separate financial statements are the first set of financial statements prepared by CIC under IFRS. Because of the change in accounting policies and formats CIC is presenting a full set of separate interim financial statements for March 31, 2011. For differences between CIC's December 31, 2010 audited non-consolidated financial statements, prepared under Canadian GAAP, and these interim separate financial statements please refer to Note 21 of the interim separate financial statements.

Financial Results

CIC Separate First Quarter Earnings (thousands of dollars) (unaudited)		For the three months ended March 31, 2011	For the three months ended March 31, 2010
Dividend revenue from Crown corporations		**$ 64,070**	$ 71,472
Add:	Finance and other revenue	**1,239**	970
	Grant funding from GRF	**26,373**	20,305
Less:	General, administrative and other expenses	**(3,479)**	(2,987)
	Grants to subsidiary corporations	**(33,949)**	(30,345)
Total separate net earnings		**$ 54,254**	$ 59,415

Management's Discussion and Analysis (continued)

Earnings

Earnings for the first three months of 2011 were $54.3 million (2010 - $59.4 million). The first three months earnings decreased $5.1 million from the same period in 2010. The decrease is primarily due to decreases in dividend revenue of $7.4 million, increases in general, administrative and other expenses of $0.5 million and increases in grants to subsidiary corporations of $3.6 million. These decreases were offset by increases in interest and other revenue of $0.3 million and increases in grant funding from the GRF of $6.1 million.

Dividend Revenue

Dividend revenue for the three months ended March 31, 2011 was $64.1 million (2010 - $71.5 million). The $7.4 million decrease was due to decreased dividends from SOCO ($9.0 million), which declared a $9.0 million special dividend to CIC on March 31, 2010, SaskEnergy ($2.7 million), ISC ($1.3 million), and SGC ($1.2 million). The decreases were offset by increased dividends from SaskTel ($6.7 million) and SGI ($0.1 million).

For the first three months of each year, dividends from subsidiary Crown corporations are based on 25.0 per cent of their budgeted dividend for the year. The budgeted dividend is calculated under CIC's dividend policy which applies a percentage payout of net earnings based on the overall financial health of the subsidiary Crown and its need for capital investment. For the remainder of the year, dividend payments will be adjusted based on forecasted earnings at year end. For the current year, the dividend at SaskTel and ISC is based on 90 per cent of net earnings, SaskEnergy and SGC is based 80 per cent of net earnings and SGI is based on 75 per cent of net earnings. CIC Asset Management Inc.'s dividend is determined on a cash availability formula, which is determined at year end. In 2011, dividends from SaskPower have been eliminated in order to support SaskPower's significant capital program.

General, Administrative and Other Expenses

General, administrative and other expenses were $3.5 million for the three months ended March 31, 2011 (2010 - $3.0 million). The increase of $0.5 million was due mainly to funding provided by CIC to Canadian Light Source Inc. to research commercial production of medical isotopes.

Grants to Subsidiary Corporations

During the first three months of 2011, CIC provided $34.0 million (2010 - $30.3 million) in grants to subsidiary corporations. STC received $1.8 million (2010 - $2.9 million) in grants to support ongoing operations. SaskEnergy received $5.7 million (2010 - $6.3 million) to fund the EnerGuide for Houses Matching Grant Program. SaskPower received $26.4 million (2010 - $20.3 million) for carbon capture and storage initiatives. CIC provided this grant out of restricted funding from the GRF. SaskTel received $Nil (2010 - $0.8 million) to fund FleetNet, a provincial emergency communications network. Gradworks Inc., a non-profit subsidiary of CIC, received $0.1 million (2010 - $Nil) to fund its internship program.

CIC's 2011 budget includes public policy and grant funding expenditures as follows: $10.9 million in operating and capital grants to STC; $29.4 million of funding to SaskEnergy for the EnerGuide for Houses Matching Grant Program; $10.0 million funding to SaskTel to fund infrastructure programs; and $0.4 million of operating grants to Gradworks. CIC also expects to fund the remaining $100.2 million in deferred funding which is comprised of unspent funding transferred to CIC from the Province of Saskatchewan's General Revenue Fund restricted for carbon capture and storage initiatives undertaken by SaskPower.

Management's Discussion and Analysis (continued)

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars) (unaudited)	For the three months ended March 31 2011	March 31 2010
Net cash from operations	$ 47.9	$ 76.0
Net cash from investing activities	22.6	348.5
Net cash used in financing activities	(34.9)	(20.3)
Net change in cash	$ 35.6	$ 404.2

Liquidity

CIC finances its capital requirements through internally-generated cash flow and through borrowing from the GRF. The GRF borrows on CIC's behalf in capital markets.

Operating, Investing and Financing Activities

Cash from operations for the three months ended March 31, 2011 was $47.9 million (2010 - $76.0 million). The $28.1 million decrease was due mainly to lower net earnings, a decrease in dividends collected in the first three months of 2011 compared to the same period in 2010, and a decrease in other non-cash working capital balances related to operations.

Cash from investing activities for the three months ended March 31, 2011 was $22.6 million (2010 - $348.5 million). The difference from period to period is due to reclassifications of cash between cash and cash equivalents and short-term investments, these items are classified differently between accounting periods depending on whether maturities of these investments are due within 90 days from quarter end.

Cash used in financing activities was $34.9 million (2010 - $20.3 million). Financing activities in the first quarter of 2011 consisted of dividends paid to the GRF of $8.5 million and decreases in deferred funding from the GRF of $26.4 million.

Debt Management

CIC as a legal entity has no debt. Currently, CIC does not expect to borrow in 2011.

Outlook and Key Factors Affecting Performance

The key factor affecting CIC's earnings is the level of dividends from commercial subsidiary Crown corporations.
Factors affecting the level of dividends from subsidiary Crowns include the level of profits and the application of CIC's subsidiary dividend policy. The CIC Board determines dividends from a commercial subsidiary after allocating cash for reinvestment within the Crown to sustain operations, to grow and to diversify, and for debt reduction if necessary.

CIC regularly assesses the appropriateness of the carrying value for its investments, and writes down an investment if it judges there to be a permanent impairment in carrying value. CIC regularly reviews its investments with private sector partners to determine the appropriateness of retention or sale.

Crown Investments Corporation of Saskatchewan
Separate Statement of Financial Position
As at
(thousands of dollars)
(unaudited)

	Note	**March 31 2011**	December 31 2010	January 1 2010
ASSETS				
Current				
Cash and cash equivalents	5	**$ 196,428**	$ 160,811	$ 96,009
Short-term investments	6	**158,059**	154,698	451,829
Interest and accounts receivable		**1,696**	2,845	3,111
Dividends receivable		**64,070**	60,785	85,697
Restricted cash and cash equivalents	7	**82,739**	110,505	67,132
		502,992	489,644	703,778
Restricted cash and cash equivalents	7	**-**	-	146,693
Equity advances to Crown corporations	8	**1,210,723**	1,090,036	1,082,736
Investments in share capital corporations	9	**98,198**	95,208	198,446
Equipment	10	**410**	434	543
Intangible assets	11	**505**	512	276
		$ 1,812,828	$ 1,675,834	$ 2,132,472
LIABILITIES AND PROVINCE'S EQUITY				
Current				
Interest and accounts payable		**$ 11,553**	$ 14,627	$ 6,341
Deferred funding	7	**73,867**	100,240	63,448
		85,420	114,867	69,789
Deferred funding	7	**-**	-	146,693
		85,420	114,867	216,482
Province of Saskatchewan's Equity				
Equity advances	12	**1,051,839**	931,152	1,051,152
Retained earnings		**675,569**	629,815	864,838
		1,727,408	1,560,967	1,915,990
		$ 1,812,828	$ 1,675,834	$ 2,132,472

Commitments and contingencies 13
(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Separate Statement of Comprehensive Income
For the Three Month Period Ended March 31
(thousands of dollars)
(unaudited)

	Note	2011	2010
INCOME FROM OPERATIONS			
Dividend	14	$ 64,070	$ 71,472
Other income		90	1
		64,160	71,473
EXPENSES			
Operating		1,778	1,215
Salaries and benefits		1,503	1,595
Future employee benefit expense		157	135
Depreciation and amortization		38	39
		3,476	2,984
EARNINGS FROM OPERATIONS		60,684	68,489
Finance income	15	1,149	969
Finance expenses	15	(3)	(3)
NET FINANCE INCOME		1,146	966
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		61,830	69,455
Deferred grant funding earned	7	26,373	20,305
Grants to subsidiary corporations	16	(33,949)	(30,345)
NET EARNINGS ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		54,254	59,415
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		$ 54,254	$ 59,415

Crown Investments Corporation of Saskatchewan
Separate Statement of Changes in Equity
For the Three Month Period Ended March 31
(thousands of dollars)
(unaudited)

	Note	2011	2010
RETAINED EARNINGS			
Retained earnings - beginning of period		$ 629,815	$ 864,838
Total comprehensive income		54,254	59,415
Dividend to General Revenue Fund	12	(8,500)	-
Retained Earnings - end of period		675,569	924,253
EQUITY ADVANCES			
Equity advances - beginning of period		931,152	1,051,152
Equity advances received	12	120,687	-
Equity advances repaid	12	-	-
Equity advances - end of period		1,051,839	1,051,152
EQUITY ATTRIBUTED TO THE PROVINCE OF SASKATCHEWAN		$ 1,727,408	$ 1,975,405

Crown Investments Corporation of Saskatchewan
Separate Statement of Cash Flows
For the Three Month Period Ended March 31
(thousands of dollars)
(unaudited)

	Note	2011	2010
OPERATING ACTIVITIES			
Net earnings		**$ 54,254**	$ 59,415
Items not affecting cash from operations			
Amortization of discounts and premiums		**(18)**	-
Depreciation and amortization		**38**	39
Net finance income	15	**(1,146)**	(966)
		53,128	58,488
Net change in non-cash working capital balances related to operations	17	**(5,210)**	17,541
Interest paid	15	**(3)**	(3)
Net cash from operating activities		**47,915**	76,026
INVESTING ACTIVITIES			
Interest received	15	**1,149**	969
Purchase of investments		**(2,990)**	-
Decrease in short-term investments		**(3,343)**	333,788
Decrease in restricted cash and cash equivalents	7	**27,766**	12,246
Repayment of due from CIC Economic Holdco Ltd.	9	**-**	206
Repayment of due from Apex Equity Holdco Ltd.	9	**-**	317
Repayment of due from First Nations and Métis Fund Inc.	9	**-**	1,000
Purchase of equipment	10	**(7)**	(24)
Net cash from investing activities		**22,575**	348,502
FINANCING ACTIVITIES			
Decrease in deferred funding	7	**(26,373)**	(20,305)
Dividend paid to General Revenue Fund	12	**(8,500)**	-
Net cash used in financing activities		**(34,873)**	(20,305)
NET CHANGE IN CASH DURING PERIOD		**35,617**	404,223
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**160,811**	96,009
CASH AND CASH EQUIVALENTS, END OF PERIOD	5	**$ 196,428**	$ 500,232

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of the CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. CIC was established to act as a holding corporation for the province's commercial Crown sector. CIC develops broad corporate policy, directs investments for its subsidiaries and provides dividends to the province's General Revenue Fund (GRF). A list of CIC's subsidiaries is contained in Note 3.

2. Basis of preparation

a) Statement of compliance

The separate financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting*. As these separate interim financial statements represent CIC's initial presentation of its earnings, financial position and cash flows under International Financial Reporting Standards (IFRS), they were prepared in accordance with IFRS 1 - *First-time Adoption of IFRS*. The policies set out have been consistently applied to all the periods presented unless otherwise noted.

CIC's separate interim financial statements are prepared at the request of the Legislative Assembly of Saskatchewan. Reconciliations and descriptions of the effect of the transition from previous Canadian GAAP to IFRS on equity, earnings, and comprehensive income are included in Note 21.

The separate interim financial statements were authorized for issue by the CIC Board of Directors on June 6, 2011.

b) Basis of measurement

The separate interim financial statements have been prepared on the historical cost basis except for the following:

Financial assets at fair value through profit or loss.

c) Functional and presentation currency

These separate interim financial statements are presented in Canadian Dollars, which is the CIC's functional currency.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of intangible assets (Note 11) and investments (Notes 8 and 9).

3. Status of Crown Investments Corporation of Saskatchewan

The Government Finance Office was established by Order in Council 535/47 dated April 2, 1947, and was continued under the provision of *The Crown Corporations Act, 1993* (the Act), as CIC. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following wholly-owned Crown corporations have been designated or created by Order in Council:

Information Services Corporation of Saskatchewan
SaskEnergy Incorporated
Saskatchewan Development Fund Corporation
Saskatchewan Gaming Corporation
Saskatchewan Government Insurance
Saskatchewan Opportunities Corporation
Saskatchewan Power Corporation
Saskatchewan Telecommunications
Saskatchewan Telecommunications Holding Corporation
Saskatchewan Transportation Company
Saskatchewan Water Corporation

In addition to the above Crown corporations, CIC is the sole member of Gradworks Inc., a non-profit corporation and the sole shareholder of CIC Asset Management Inc. (CIC AMI), First Nations and Métis Fund Inc. (FNMF), Saskatchewan Immigrant Investor Fund Inc. (SIIF), CIC Economic Holdco Ltd., and CIC Apex Equity Holdco Ltd. which are wholly-owned share capital subsidiaries.

All subsidiary Corporations are domiciled in Canada.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these separate interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

CIC's separate interim financial statements do not consolidate the activities of its subsidiaries. Other than this exception, the accounting policies have been consistently applied by CIC's subsidiary corporations.

CIC prepares consolidated interim financial statements in accordance with IAS 27 - *Consolidated and Separate Financial Statements*. The unaudited condensed consolidated interim financial statements have been authorized by the CIC Board of Directors on June 6, 2011. CIC's Consolidated Interim Financial Statements should be referenced for further information.

a) Cash and cash equivalents

Cash and cash equivalents includes the cash held within CIC's bank accounts and investments which mature on or before June 30, 2011.

b) Equity advances to Crown corporations

Crown corporations do not have share capital. However, seven Crown corporations have received equity advances from CIC to form their equity capitalization. The equity advances are accounted for at cost, dividends from these corporations are recognized as income when declared.

c) Investments in share capital corporations

Investments in shares of corporations are accounted for at cost. Dividends from these investments are recognized as income when declared.

4. Summary of significant accounting policies (continued)

d) Impairment of equity in Crown corporations and share capital corporations

Investments in Crown corporations and share capital corporations are assessed at each reporting date to determine whether there is objective evidence that the investment is impaired. An investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the investment, and that the loss event had a negative effect on the estimated future cash flows of that investment that can be estimated reliably. An impairment loss is recognized through earnings if the carrying amount of the investment exceeds its recoverable amount.

If, in a subsequent period, the fair value of an impaired investment increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in earnings, then the impairment loss is reversed, with the amount of the reversal recognized through earnings.

e) Equipment

Equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses. When these assets are disposed of or retired, the related costs less accumulated depreciation and any accumulated impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in the separate interim statement of comprehensive income.

Equipment is depreciated using the following methods:

Computer equipment	- 3 years straight-line
Furniture and equipment	- 20% declining balance

f) Finite-life intangibles

Carbon offsets are recorded at the cost of acquisition less accumulated amortization and any accumulated impairment losses. When these assets are disposed of or retired, the related costs less accumulated amortization and any accumulated impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in the separate interim statement of comprehensive income.

Amortization is calculated on a straight-line basis over 20 years.

g) Financial instruments

i) Non-derivative financial assets

CIC initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets, including assets designated at fair value though profit or loss, are recognized initially the on trade date at which CIC becomes a party to the contractual provisions of the instrument.

CIC de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by CIC is recognized as a separate financial asset or liability.

CIC does not net financial assets or liabilities for presentation in the separate interim statement of financial position.

CIC non-derivative financial assets include financial assets at fair value through profit or loss and loans and receivables.

4. Summary of significant accounting policies (continued)

g) Financial instruments (continued)

i) Non-derivative financial assets (continued)

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if CIC manages such investments and makes purchase and sale decisions based on their fair value in accordance with CIC's documented risk strategy. Upon initial recognition transaction costs attributable are recognized in profit or loss as incurred. Short-term investments at fair value through profit or loss are measured at fair value, and changes therein are recognized through net earnings.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables are comprised of interest and accounts receivable and dividends receivable.

Cash and cash equivalents comprise of cash balances and call deposits with original maturities of three months or less.

ii) Non-derivative financial liabilities

CIC initially recognizes a financial liability on the date they are originated. All other financial liabilities, including liabilities designated at fair value through profit or loss, are recognized initially on the trade date at which CIC becomes a party to the contractual provisions of the instrument.

CIC de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

CIC does not net financial assets or liabilities for presentation in the separate interim statement of financial position.

CIC non-derivative financial liabilities include interest and accounts payable, and dividend payable to the GRF.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

iii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in net earnings.

CIC had no contracts with embedded derivatives as at January 1, 2010, December 31, 2010 and March 31, 2011.

4. Summary of significant accounting policies (continued)

h) Equity advances

CIC periodically receives funding from the Saskatchewan Legislative Assembly through the GRF. Funding can be provided for one of two purposes, the funding of government policy initiatives for which no return is expected or required, or for long-term investment which is expected to provide a return to the GRF. Funding provided for government policy initiatives is recorded as revenue in the period spending occurs (Note 7). Funding provided for long-term investment is recorded as an equity advance (Note 12).

i) Revenue recognition

CIC's revenue is derived from the ownership of its subsidiary corporations. Dividend revenue from subsidiary corporations is recorded as revenue in the separate interim statement of comprehensive income when declared. Dividends received are classified as operating activities in accordance with IAS - 7 *Statement of Cash Flows*.

j) Government grants

Government grants are recognized initially as deferred funding when there is reasonable assurance that they will be received and CIC will comply with the conditions associated with the grant. Grants that compensate CIC for expenses incurred are recognized in the separate interim statement of comprehensive income on a systematic basis in the same period in which the expenses are recognized.

k) Finance income and expenses

Finance income is comprised of interest income, gains on disposal and changes in fair value of financial assets at fair value through profit and loss. Interest income is recognized as it accrues in the separate interim statement of comprehensive income, using the effective interest method. On the separate interim statement of cash flows interest income is recorded as an investing activity.

Financial expenses comprise of interest on bank overdrafts, changes in the fair value of financial assets at fair value through profit and loss, and impairment losses recognized on financial assets. On the separate interim statement of cash flows interest expense is recorded as an operating activity.

l) Employee benefits

Defined contribution plan
CIC is a member of Capital Pension Plan (CPP), a defined contribution pension plan. A defined contribution plan is a post-employment benefit under which CIC pays fixed contributions to CPP and has no further legal or constructive obligation to pay further amounts. Obligations for contributions to CPP are recognized as a future employee benefit expense in the separate interim statement of comprehensive income in the periods during which services are rendered by employees.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4. Summary of significant accounting policies (continued)

m) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after December 31, 2011 or later periods. CIC is assessing the impact of these pronouncements on its results and financial position.

IFRS 9 Financial Instruments - establishes principles for the financial reporting of financial assets.

5. Cash and cash equivalents

Included in cash and cash equivalents are $173.5 million (December 31, 2010 - $148.6 million) of investments maturing within 90 days with an effective interest rate of 1.16 per cent (December 31, 2010 - 1.04 per cent).

6. Short-term investments

Included in short-term investments are $156.2 million (December 31, 2010 - $152.9 million) of investments maturing between 91 and 365 days with an effective interest rate of 1.31 per cent (December 31, 2010 - 1.21 per cent). Also included in short-term investments are $1.8 million (2010 - December 31, $1.8 million) in zero coupon bonds with maturity dates ranging from June 1, 2011 to June 1, 2013. The zero coupon bonds can be sold, at fair value, at the option of CIC.

7. Restricted cash and cash equivalents and deferred funding

Included in restricted cash and cash equivalents are $79.9 million (December 31, 2010 - $95.6 million) of investments maturing on or before June 29, 2011 with an effective interest rate of 1.04 per cent (December 31, 2010 - 1.06 per cent).

Restricted cash and cash equivalents and deferred funding are comprised of unspent funding transferred to CIC from the Province of Saskatchewan's General Revenue Fund (GRF) restricted for carbon capture and storage initiatives undertaken by Saskatchewan Power Corporation (SaskPower). As qualifying expenditures are made, CIC recognizes an equivalent amount of funding in earnings and reduces restricted cash and cash equivalents and deferred funding by the same amount.

7. Restricted cash and cash equivalents and deferred funding (continued)

To March 31, 2011, $26.4 million (March 31, 2010 - $20.3 million) has been funded to SaskPower under this program as follows:
(thousands of dollars)

	March 31 2011	December 31 2010
Deferred funding:		
Current deferred funding - beginning of period	$ 100,240	$ 67,132
Long-term deferred funding - beginning of period	-	143,009
Grant funding earned and grant to SaskPower	(26,373)	(109,901)
Deferred funding - end of period	$ 73,867	$ 100,240
Comprised of:		
Current deferred funding - end of period	$ 73,867	$ 100,240
Long-term deferred funding - end of period	-	-
	$ 73,867	$ 100,240
Restricted cash and cash equivalents:		
Current restricted cash and cash equivalents	$ 82,739	$ 110,505
Long-term restricted cash and cash equivalents	-	-
Payable to SaskPower (a)	(8,872)	(10,265)
Deferred funding - end of year	$ 73,867	$ 100,240

(a) Amounts payable to SaskPower are included in interest and accounts payable.

8. Equity advances to crown corporations

Equity advances to Crown corporations are as follows:
(thousands of dollars)

	March 31 2011	December 31 2010
Saskatchewan Power Corporation	$ 660,000	$ 660,000
Saskatchewan Telecommunications Holding Corporation	250,000	250,000
Saskatchewan Opportunities Corporation (a)	120,687	-
Saskatchewan Government Insurance	80,000	80,000
SaskEnergy Incorporated	71,531	71,531
Saskatchewan Gaming Corporation	19,805	19,805
Saskatchewan Water Corporation	8,700	8,700
	$ 1,210,723	$ 1,090,036

a) On March 31, 2011 CIC received investment properties with a value of $120.7 million from the GRF as an equity investment in CIC. On March 31, 2011, CIC transferred the investment properties to Saskatchewan Opportunities Corporation. The transfer of these assets represents an equity investment by CIC in Saskatchewan Opportunities Corporation.

The value of these properties was determined consistent with the IFRS framework upon transfer from the GRF.

9. Investments in share capital corporations
(thousands of dollars)

	Voting Percentage	**March 31 2011**	December 31 2010
CIC Asset Management Inc. (a):			
7,999,983 (2010 - 7,999,983) common shares	100%	$ 80,000	$ 80,000
First Nations and Métis Fund Inc. (FNMF) (b):			
100 (2010 - 100) Class A common shares	100%	-	-
Due from FNMF		3,100	3,100
		3,100	3,100
CIC Economic Holdco Ltd. (c):			
100 (2010 - 100) Class A common shares	100%	-	-
Due from CIC Economic Holdco Ltd.		4,017	4,017
		4,017	4,017
CIC Apex Equity Holdco Ltd. (d):			
100 (2010 - 100) Class A common shares	100%	-	-
Due from CIC Apex Equity Holdco Ltd.		11,081	8,091
		11,081	8,091
Saskatchewan Immigrant Investor Fund Inc. (e):			
1 (2010 - 1) Class A common share	100%	-	-
		$ 98,198	$ 95,208

9. Investments in share capital corporations (continued)

a) CIC AMI was established on November 14, 1979 under *The Business Corporations Act (Saskatchewan)*. CIC AMI provides equity and loans to organizations that have significant operations in Saskatchewan.

b) FNMF was established on May 9, 2006 to provide venture capital to qualifying First Nations and Métis businesses in the Province of Saskatchewan.

c) CIC, through its wholly-owned subsidiary, CIC Economic Holdco Ltd., entered into a joint venture agreement with Saskatchewan Entrepreneurial Fund Joint Venture (SEFJV). The SEFJV was established on April 24, 2006 to operate as an institutional investment fund focusing primarily on investment in Saskatchewan and the creation of employment and economic growth and expansion of the small business sector in Saskatchewan. CIC Economic Holdco Ltd. holds a 45.5 per cent (December 31, 2010 - 45.5 per cent) joint venture interest in SEFJV.

   At March 31, 2011, CIC Economic Holdco Ltd. had total assets of $3.1 million (December 31, 2010 - $3.9 million) and recorded a net loss of $0.7 million (December 31, 2010 loss of $0.1 million). CIC has invested $4.0 million (December 31, 2010 - $4.0 million) in capital in SEFJV through CIC Economic Holdco Ltd.

d) CIC, through its wholly-owned subsidiary, CIC Apex Equity Holdco Ltd., entered into a joint venture agreement with Apex Investment GP Inc., PFM Capital Inc., Conexus Credit Union 2006, Cornerstone Credit Union and Innovation Credit Union to establish Apex Investment Limited Partnership (APEX). APEX was established on February 1, 2007 to focus on debt and equity investments in Saskatchewan small and medium-sized business. The objective of APEX is to realize long-term capital appreciation from its investments. CIC Apex Equity Holdco Ltd. holds a 54.7 per cent (December 31, 2010 - 54.5 per cent) joint venture interest in APEX.

   At March 31, 2011, CIC Apex Equity Holdco Ltd. had total assets of $23.0 million (December 31, 2010 - $19.0 million) and recorded net earnings of $2.0 million (December 31, 2010 - $4.8 million). CIC has invested $11.1 million (December 31, 2010 - $8.1 million) in capital in APEX through CIC Apex Equity Holdco Ltd.

e) SIIF was established on October 6, 2010 under *The Business Corporations Act (Saskatchewan)*. SIIF was established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF intends to use the IIP funds to deliver the Government of Saskatchewan's Headstart on a Home Program that assists builders and developers in building affordable housing.

10. Equipment
(thousands of dollars)

	March 31 2011	December 31 2010
Cost		
Balance at January 1	$ 1,714	$ 1,704
Additions	7	42
Disposals	(68)	(32)
Cost at end of period	1,653	1,714
Accumulated depreciation		
Balance at January 1	1,280	1,161
Depreciation	31	151
Disposals	(68)	(32)
Accumulated depreciation at end of period	1,243	1,280
	$ 410	$ 434

11. Intangible assets
(thousands of dollars)

	March 31 2011	December 31 2010
Cost		
Balance at January 1	$ 525	$ 276
Additions	-	249
Disposals	-	-
Cost at end of period	525	525
Accumulated depreciation		
Balance at January 1	13	-
Amortization	7	13
Disposals	-	-
Accumulated amortization at end of period	20	13
	$ 505	$ 512

Intangible assets relate to a carbon offset project located within Saskatchewan. Capitalized costs are for the planting of hybrid poplar trees used to sequester carbon from the atmosphere in tree biomass. The project is expected to create carbon offset credits over its life cycle ending September, 2029.

12. Equity advances and capital disclosures

CIC does not have share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF. During 2011, CIC received $120.7 million in equity advances from the GRF. In 2010, CIC repaid $120.0 million in equity advances from the GRF. CIC, as a holding corporation for the Saskatchewan commercial Crown sector, does not carry any debt. Equity advances from the GRF have been invested in subsidiary Crown corporations.

12. Equity advances and capital disclosures (continued)

CIC's ability to pay regular dividends to the GRF depends mainly on the level of Crown corporation dividends to CIC, less CIC's operating costs. These costs include support to non-dividend paying Crown corporations and public policy expenditures. Crown corporation dividend levels depend on their net earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings. CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown corporation earnings.

At March 31, 2011, CIC declared and paid $8.5 million (December 31, 2010 - $471.0 million) in dividends to the GRF.

13. Commitments and contingencies

a) CIC and Consumer's Co-operative Refineries Limited (CCRL) entered into an agreement whereby CIC has agreed to provide up to $5.0 million of grant funding towards CCRL'S research, development or implementation of technologies that reduce greenhouse gas emissions. To date CIC has provided $0.3 million (December 31, 2010 - $0.3 million) in grant funding to CCRL.

b) CIC, as plan sponsor of Capital Pension Plan, has guaranteed the annuities for the Retirement Annuity Fund portion of the Capital Pension Plan. CIC does not expect any exposure under this guarantee in 2011.

c) CIC has committed to invest up to $20.0 million in the First Nations and Métis Fund Inc. At March 31, 2011, CIC has invested $3.1 million (December 31, 2010 - $3.1 million).

d) CIC has committed to invest up to $60.0 million in the Apex Investment Limited Partnership. At March 31, 2011, CIC has invested $11.1 million (December 31, 2010 - $8.1 million).

e) CIC has committed to provide Saskatchewan Telecommunications Holding Corporation $10.0 million in unconditional infrastructure grants in 2011.

14. Dividend revenue

Dividend revenue consists of the following:
(thousands of dollars)

	March 31 2011	March 31 2010
Saskatchewan Telecommunications Holding Corporation	**$ 36,215**	$ 29,558
SaskEnergy Incorporated	**11,849**	14,500
Saskatchewan Government Insurance	**8,090**	8,011
Saskatchewan Gaming Corporation	**5,109**	6,309
Information Services Corporation	**2,807**	4,094
Saskatchewan Opportunities Corporation	**-**	9,000
	$ 64,070	$ 71,472

15. Finance income and expenses
(thousands of dollars)

		March 31 2011		March 31 2010
Interest income from short-term investment holdings	$	**1,149**	$	969
Interest expense on bank account overdraft		**(3)**		(3)
	$	**1,146**	$	966

16. Grants to subsidiary corporations
(thousands of dollars)

		March 31 2011		March 31 2010
Saskatchewan Telecommunications Holding Corporation	**$**	**-**	$	813
Saskatchewan Power Corporation		**26,373**		20,305
SaskEnergy Incorporated (a)		**5,676**		6,327
Saskatchewan Transportation Company		**1,800**		2,900
Gradworks Inc.		**100**		-
	$	**33,949**	$	30,345

a) In November 2005, Cabinet announced a two-part plan to help Saskatchewan people reduce heating costs and share the benefits of increased revenues from natural gas. To March 31, 2011, CIC provided $5.7 million (2010 - $6.3 million) to SaskEnergy Incorporated to meet the directive.

17. Net change in non-cash working capital balances related to operations
(thousands of dollars)

		March 31 2011		March 31 2010
Decrease (increase) in interest and accounts receivable	**$**	**1,149**	$	(262)
(Increase) decrease in dividends receivable		**(3,285)**		8,823
(Decrease) increase in interest and accounts payable		**(3,074)**		8,980
	$	**(5,210)**	$	17,541

18. Financial instruments

a) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was (thousands of dollars):

	Note	March 31 2011	December 31 2010
Financial assets at fair value through profit or loss	6	$ **158,059**	$ 154,698
Loans and receivables		**1,696**	2,845
Cash and cash equivalents	5	**196,428**	160,811
Restricted cash and cash equivalents	7	**82,739**	110,505
		$ **438,922**	$ 428,859

Impairment losses
CIC's loans and receivables relate to dividends receivable from subsidiary Crown corporations and interest due on short-term interest bearing investments. All amounts are current and no impairment is expected or recognized in these separate interim financial statements.

b) Liquidity risk

CIC's non-derivative financial liabilities consist of interest and accounts payable in the amount of $11.5 million at March 31, 2011 (December 31, 2010 - $14.6 million). All liabilities are due within six months or less.

19. Related party transactions

Included in these separate interim financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to CIC by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). CIC has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

In addition, CIC pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

19. Related party transactions (continued)

CIC provides management services to CIC Asset Management Inc., First Nations and Métis Fund Inc., Gradworks Inc., Saskatchewan Immigrant Investor Fund Inc., CIC Economic Holdco Ltd. and CIC Apex Equity Holdco Ltd. without charge.

These separate interim financial statements and the notes thereto separately describe other transactions and amounts due to and from related parties and the terms of settlement.

Key management personnel compensation

In addition to their salaries, the CIC also provides non-cash benefits to executive officers and contributes to a post-employment defined contribution plan on their behalf. A retirement allowance is provided to executive officers and accumulates at a rate of 1.92 per cent of their respective gross salary per year.

Key management personnel compensation comprised:
(thousands of dollars)

	March 31 2011	March 31 2010
Salaries, wages and short-term employee benefits	**$ 273**	$ 256
Post-employment benefits	**26**	24
Other long term benefits	**2**	2
	$ 301	$ 282

20. Pension plan

CIC's employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan which is administered by CIC. CIC's contributions to the Plan include making regular payments into the Plan to match the required amounts contributed by employees for current service. The total amount paid to the Plan to March 31, 2011 was $156.7 thousand (March 31, 2010 - $135.0 thousand). Included in the Plan is a Retirement Annuity Fund (the Fund). The Fund provides retirement annuities at the option of retiring members of the Plan. An actuarial valuation of the Fund is performed annually. The assets of the Fund at March 31, 2011 exceed the actuarially determined net present value of retirement annuities payable.

21. Explanation of transition to IFRS

As stated in Note 2(a), these are CIC's first separate financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 4 have been applied in preparing the separate interim financial statements for the three months ending March 31, 2011, the comparative information presented in these separate interim financial statements for the three month period ending March 31, 2010, for the year ending December 31, 2010 and in the preparation of an opening IFRS statement of position at January 1, 2010, CIC's date of transition.

In preparing its opening IFRS statement of financial position CIC has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected CIC's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

IFRS 1 provides the option to measure investments in subsidiaries, at the date of transition to IFRS, at their previous Canadian GAAP carrying amounts and use that amount as deemed cost.

(thousands of dollars)

21. Explanation of transition to IFRS (continued)

Reconciliation of equity

		December 31, 2010			March 31, 2010			January 1, 2010		
	Note	GAAP balance	IFRS adjustments	IFRS balance	GAAP balance	IFRS adjustments	IFRS balance	GAAP balance	IFRS adjustments	IFRS balance
ASSETS										
Current										
Cash and cash equivalents		$ 160,811	$ -	$ 160,811	$ 500,232	$ -	$ 500,232	$ 96,009	$ -	$ 96,009
Short-term investments		154,698	-	154,698	118,041	-	118,041	451,829	-	451,829
Interest and accounts receivable		2,845	-	2,845	3,373	-	3,373	3,111	-	3,111
Dividends receivable		60,785	-	60,785	76,874	-	76,874	85,697	-	85,697
Restricted cash and cash equivalents		110,505	-	110,505	61,114	-	61,114	67,132	-	67,132
Total current assets		489,644	-	489,644	759,634	-	759,634	703,778	-	703,778
Restricted cash and cash equivalents		-	-	-	140,465	-	140,465	146,693	-	146,693
Equity advances to Crown corporations		1,090,036	-	1,090,036	1,082,736	-	1,082,736	1,082,736	-	1,082,736
Investments in share capital corporations	a	15,208	80,000	95,208	44,198	152,725	196,923	45,721	152,725	198,446
Equipment		434	-	434	532	-	532	543	-	543
Intangible assets		512	-	512	272	-	272	276	-	276
Total assets		$ 1,595,834	$ 80,000	$ 1,675,834	$ 2,027,837	$ 152,725	$ 2,180,562	$ 1,979,747	$ 152,725	$ 2,132,472

(thousands of dollars)

21. Explanation of transition to IFRS (continued)

Reconciliation of equity (continued)

	Note	December 31, 2010			March 31, 2010			January 1, 2010		
		GAAP balance	IFRS adjustments	IFRS balance	GAAP balance	IFRS adjustments	IFRS balance	GAAP balance	IFRS adjustments	IFRS balance
LIABILITIES AND PROVINCE'S EQUITY										
Current										
Interest and accounts payable		$ 14,627	$ -	$ 14,627	$ 15,321	$ -	$ 15,321	$ 6,341	$ -	$ 6,341
Deferred funding		100,240	-	100,240	49,371	-	49,371	63,448		63,448
Total current liabilities		114,867	-	114,867	64,962	-	64,692	69,789	-	69,789
Deferred funding		-	-	-	140,465	-	140,465	146,693	-	146,693
Total liabilities		114,867	-	114,867	205,157	-	205,157	216,482		216,482
Province of Saskatchewan's Equity										
Equity advances		931,152	-	931,152	1,051,152	-	1,051,152	1,051,152	-	1,051,152
Retained earnings	a	549,815	80,000	629,815	771,528	152,725	924,253	712,113	152,725	864,838
Total equity		1,480,967	80,000	1,560,967	1,822,680	152,725	1,975,405	1,763,265	152,725	1,915,990
Total liabilities and Province's equity		$ 1,595,834	$ 80,000	$ 1,675,834	$ 2,027,837	$ 152,725	$ 2,180,562	$ 1,979,747	$ 152,725	$ 2,132,472

(thousands of dollars)

21. Explanation of transition to IFRS (continued)

Reconciliation of total comprehensive income

		December 31, 2010			March 31, 2010		
	Note	GAAP balance	IFRS adjustments	IFRS balance	GAAP balance	IFRS adjustments	IFRS balance
REVENUE FROM OPERATIONS							
Dividend		$ 276,090	$ -	$ 276,090	$ 71,472	$ -	$ 71,472
Other income	ab	77,620	(77,616)	4	970	(969)	1
		353,710	(77,616)	276,094	72,442	(969)	71,473
EXPENSES							
Operating	c	13,998	(7,696)	6,302	2,948	(1,733)	1,215
Salaries and benefits	c	-	7,169	7,169	-	1,595	1,595
Future employee benefit expenses	c	-	518	518	-	135	135
Depreciation and amortization		164	-	164	39	-	39
		14,162	(9)	14,153	2,987	(3)	2,984
EARNINGS FROM OPERATIONS		339,548	(77,607)	261,941	69,455	(966)	68,489
Finance income	b	-	4,891	4,891	-	969	969
Finance expenses	b	-	(9)	(9)	-	(3)	(3)
NET FINANCE INCOME		-	4,882	4,882	-	966	966
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		339,548	(72,725)	266,823	69,455	-	69,455
Deferred grant funding earned		109,901	-	109,901	20,305	-	20,305
Grants to subsidiary corporations		(140,747)	-	(140,747)	(30,345)	-	(30,345)
NET EARNINGS ATTRIBUTED TO THE PROVINCE OF SASKATCHEWAN		308,702	(72,725)	235,977	59,415	-	59,415
OTHER COMPREHENSIVE INCOME		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO THE PROVINCE OF SASKATCHEWAN		$ 308,702	$ (72,725)	$ 235,977	$ 59,415	$ -	$ 59,415

21. Explanation of transition to IFRS (continued)

a) Until December 29, 2010 CIC's investment in its subsidiary CIC AMI was written down by $152.7 million under previous Canadian GAAP to reflect losses in value of certain assets held by CIC AMI. On December 30, 2010 CIC retracted 10,000,000 shares of CIC AMI at $10 per share for proceeds of $100.0 million. Under Canadian GAAP CIC recorded a recovery of its write-down in its investment in CIC AMI of $72.7 million. At December 31, 2010, under Canadian GAAP, CIC had an original cost of CIC AMI of $80.0 million and a book value of $Nil. CIC has determined that the fair value of the remaining assets of CIC AMI currently exceeds CIC's book value by more than $80.0 million at December 31, 2010 and by more than $152.7 million at December 31, 2009 and March 31, 2010; therefore, CIC has adjusted its investment in CIC AMI by $152.7 million on December 31, 2009 and March 31, 2010 and by $80.0 million on December 31, 2010 to reverse its original write-down.

b) Under previous Canadian GAAP interest revenue was classified as other income. The amount has been reclassified to finance income under IFRS. Interest expense classified as an operating and administration expense under Canadian GAAP has been reclassified to finance expense under IFRS.

c) Under previous Canadian GAAP salaries and wages and future employment expenses were classified as operating and administration expense. These amounts have been reclassified to separate expense categories under IFRS.

Reconciliation of cash flow

For the three months ended March 31, 2010 there were no material reconciling items between previous Canadian GAAP and IFRS cash flows.